Notice of Meeting

General Meeting 2020

SANOFI

Empowering Life

Table of contents

Société anonyme with share capital of €2,507,692,222
Registered Office: 54, rue La Boétie – 75008 Paris – France
Registered No. 395 030 844 R.C.S. Paris

Ordinary General Meeting

The Chairman of the Board of Directors
Paris, April 6, 2020

Madam, Sir, dear Shareholder,

Our Annual General Meeting is a privileged moment of information, an opportunity to present the evolution of the activity and the results of our Company for the year ended.

This meeting is an opportunity to exercise your right to vote. This year, you will have to vote on 21 resolutions on an ordinary basis, which are presented in the Board of Directors' report appearing on page 7 of this brochure.

The meeting is convened on Tuesday April 28, 2020 at 2:30 p.m.

Please note that given the confinement measures enacted by French authorities in response to the Covid-19 sanitary crisis, and with the objective to fight the spread of the virus, Sanofi will not welcome the public on the day of the meeting.

In this exceptional context and in everyone's interest, you are invited not to ask for an admission card and consequently to vote prior to the meeting, either by postal voting using the voting form, or online on the secured voting platform VOTACCESS, in the conditions described in this notice of meeting. The postal voting form must be received by the centralizing bank no later than April 25, 2020 and the online vote must be carried out no later than Monday April 27, 2020 at 3 p.m. (CET)[1]. A direct broadcast of the general meeting will, as every year, be accessible on **www.sanofi.com** in the Investors/Financial results and events/Annual General Meetings section.

We obviously regret not being able to live this privileged moment of exchange with our shareholders. We remind you that you have the right to ask written questions prior to the Annual General Meeting under the conditions described in this notice of meeting.

On behalf of the Board of Directors, I assure you of Sanofi's commitment to the fight against the Covid-19 virus. I would like to thank you for the confidence you have shown in Sanofi, and trust that you will give careful consideration to the resolutions submitted for your approval.

Serge Weinberg
Chairman of the Board of Directors

(1) To avoid overloading VOTACCESS we recommend that you do not wait until the last minute before voting.

How to participate in the meeting

Full information about the meeting on April 28, 2020 is available on our website: www.sanofi.com/agm2020

2020 Annual General Meeting

The Annual General Meeting of Sanofi will be held on **Tuesday April 28, 2020 at 2.30 p.m. (CET)** in order to deliberate on the agenda and resolutions contained in the present notice of meeting.

* **WARNING – COVID-19:** Given the confinement measures enacted by French authorities in response to the Covid-19 sanitary crisis, Sanofi will not welcome the public on the day of the meeting. The meeting will be held at the registered office of the Company, without the physical presence of the shareholders.

Consequently, you are invited not to ask for an admission card and vote before the meeting, either by post with the paper voting form, or online on the secured voting platform VOTACCESS, in the conditions set forth below.

We recommend that shareholders regularly visit the 2020 Annual General Meeting dedicated section on the website of the company **www.sanofi.com**.

The meeting will be broadcasted live on **www.sanofi.com** in the section Investors/Financial results and events/Annual General Meetings.

You have the right to ask **written questions** prior to the general meeting. Written questions must be sent to the Chairman of the Board of Directors, by registered letter with acknowledgment of receipt, to the registered office, or by email to the email address assembleegenerale@sanofi.com. These questions are accompanied by a shareholding certificate in the registered shares accounts, or in the securities accounts kept by an accredited banking or financial intermediary. They must be sent no later than on the fourth working day preceding the date of the general meeting, that is to say on Wednesday April 22, 2020. Pursuant to the applicable law, the answer to a written question will be deemed having been given from the moment it is available on the Internet website of the Company in a section dedicated to questions and answers.

Pre-conditions for participating in the meeting

In accordance with Article R. 225-85 of the French Commercial Code shareholders must justify this capacity by providing credentials establishing that their shares are registered in their names, or in the name of the intermediary registered to act on their behalf, at midnight (CET) on the second business day before the meeting, i.e. at **midnight (CET) on Friday April 24, 2020** either in the registered share accounts kept for the Company by its proxy BNP Paribas Securities Services, or in the bearer share accounts kept by their baking or financial intermediary:

- **Registered** shares:

Must be registered in the registered share accounts kept by BNP Paribas Securities Services.

- **Bearer** shares:

Must be registered in the securities account kept by your accredited banking or financial intermediary.

Registration of bearer shares in the account kept by your accredited banking or financial intermediary must be evidenced by a shareholding certificate *(attestation de participation)* issued by the intermediary and attached to:

- your postal voting form; or
- your proxy form; or
- a request for an admission card, prepared in your own name as a shareholder or on your behalf if your accredited intermediary is acting for you.

You can be represented at the Annual General Meeting by any physical person or legal entity of your choice (Article L. 225-106 of the French Commercial Code).

How to participate in the meeting

In the current sanitary context, you must not ask for an admission card, nor appoint a third party as a proxy. You have the possibility to vote before the meeting, either by post with the paper voting form, or online on the secured voting platform VOTACCESS, in the conditions set forth below.

If you wish to **vote online**, you have access to the secure VOTACCESS voting platform which is dedicated to the vote prior to the meeting; this platform is available via Planetshares or via your accredited intermediary's website. The site will be open from **Monday April 6, 2020 until 3 p.m. (CET) on Monday April 27, 2020.** However, to avoid overloading VOTACCESS we recommend that you do not wait until the last minute before voting.

If you choose to participate to the meeting online, you will not have to fill in or send back the postal voting form.

Sanofi also offers the possibility to **vote by post**, using the paper voting form. Given the Covid-19 sanitary crisis which may cause postal delays, we recommend that you return your voting form without undue delay.

If you have lost or forgotten your login and/or password, log onto Planetshares and fill in the contact form available on the website. The teams in place will make every effort to assist you.

To vote by post or online:

Whether by post or online, you may either vote on the proposed resolutions or appoint the Chairman as a proxy (you are invited not to appoint a third party as a proxy).

1. Vote by post using the paper voting form:

- If you hold **registered shares** or **units in an FCPE**: send the voting form (which is attached to this notice) to BNP Paribas Securities Services, CTO Assemblées – Les Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex – France. Given the Covid-19 linked sanitary crisis which may cause postal delays, we recommend that you return your voting form without undue delay.
- If you hold **bearer shares**: ask your accredited intermediary to send you the voting form, on or after the date the notice of meeting is issued. You then need to send the form, accompanied by the shareholding certificate issued by your intermediary, to BNP Paribas Securities Services, CTO Assemblées – Les Grands Moulins de Pantin – 9, rue du Débarcadère – 93761 Pantin Cedex - France.

Your signed and completed voting form, or your proxy appointment or revocation, must be received by BNP Paribas Securities Services at least three calendar days before the meeting, i.e. by **Saturday April 25, 2020**, or they will not count.

Do NOT send your voting form directly to Sanofi.

2. Vote online:

- If you hold **registered shares or units in an FCPE**: access VOTACCESS via the Planetshares site at: ***https://planetshares.bnpparibas.com.***
  - for **fully registered shares**: with your usual access codes;
  - for **administered registered shares**: with the login shown in the top right-hand corner of the paper voting form attached to your notice of meeting;
  - for **units in an FCPE**: the login shown in the top right-hand corner of the paper voting form attached to your notice of meeting, and the identification information as shown on your Amundi account statements.

Once logged on, access VOTACCESS by clicking on *"Take part to the General Meeting"*.

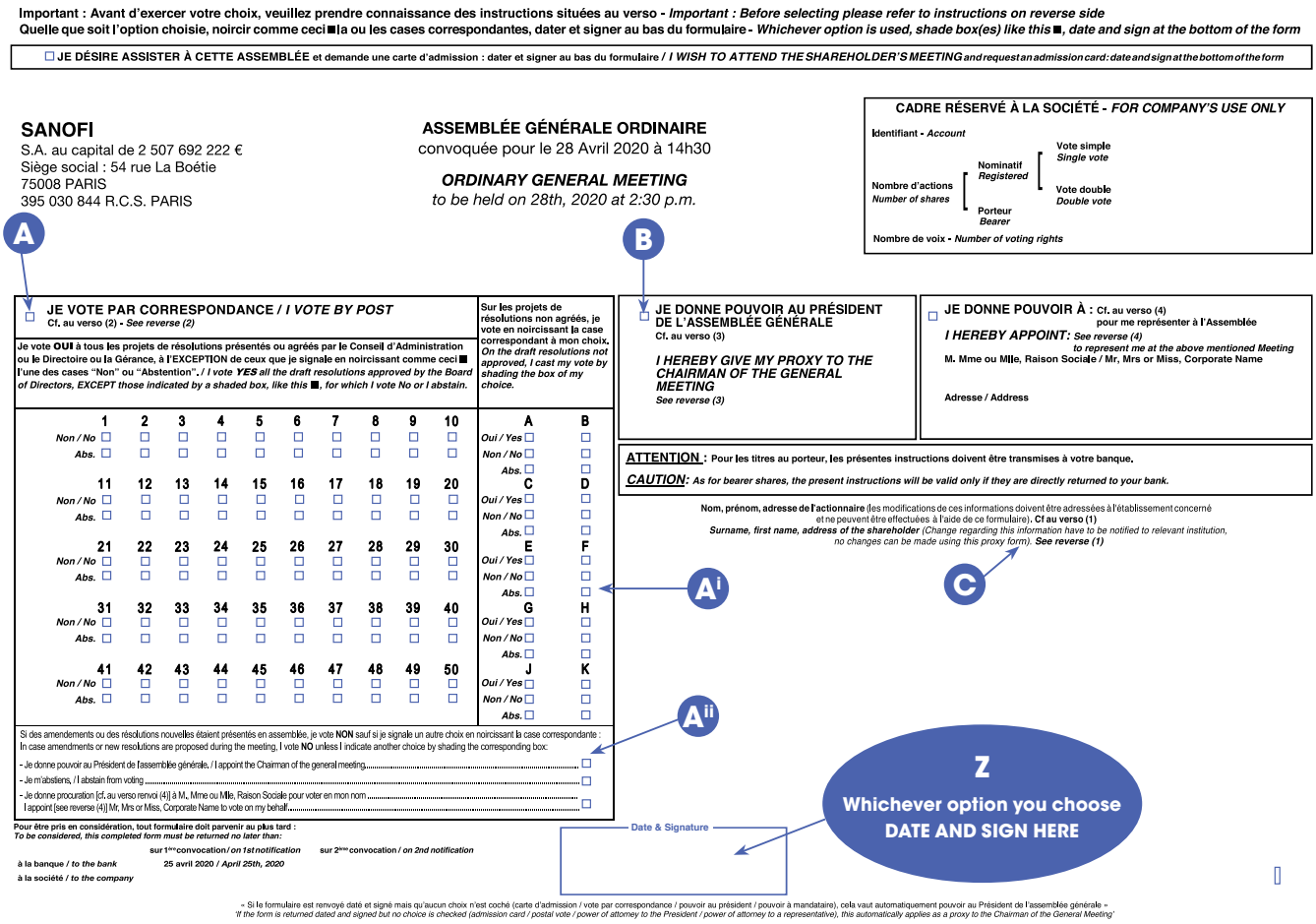
- If you hold **units in an FCPE** and **registered shares**: log on to Planetshares using your usual access codes. This enables you to vote your units in the FCPE and your registered shares, in each case using the number shown in the top right-hand corner of your paper voting form. Once logged on, you can access VOTACCESS: click on *"Take part to the General Meeting"*.

You will then be redirected to VOTACCESS, where you can follow the on-screen instructions to vote, or to appoint or revoke a proxy.

- If you hold **bearer shares**: ask your accredited intermediary whether they are connected to VOTACCESS and if so, whether that access is subject to specific conditions of use.
  - If your accredited intermediary is connected to VOTACCESS, log on to your intermediary's website with your usual access codes. Then click on the icon that appears on the line showing your Sanofi shares and follow the on-screen instructions to access VOTACCESS and vote.

How to complete your voting form

Please return this form using the enclosed pre-paid envelope which must be received no later than 3 days before the date of the Annual General Meeting, i.e. by **Saturday April 25, 2020.**



Important : Avant d'exercer votre choix, veuillez prendre connaissance des instructions situées au verso - *Important : Before selecting please refer to instructions on reverse side*
Quelle que soit l'option choisie, noircir comme ceci ■ la ou les cases correspondantes, dater et signer au bas du formulaire - *Whichever option is used, shade box(es) like this ■, date and sign at the bottom of the form*

☐ JE DÉSIRE ASSISTER À CETTE ASSEMBLÉE et demande une carte d'admission : dater et signer au bas du formulaire / *I WISH TO ATTEND THE SHAREHOLDER'S MEETING and request an admission card: date and sign at the bottom of the form*

SANOFI
S.A. au capital de 2 507 692 222 €
Siège social : 54 rue La Boétie
75008 PARIS
395 030 844 R.C.S. PARIS

ASSEMBLÉE GÉNÉRALE ORDINAIRE
convoquée pour le 28 Avril 2020 à 14h30

ORDINARY GENERAL MEETING
to be held on 28th, 2020 at 2:30 p.m.

CADRE RÉSERVÉ À LA SOCIÉTÉ - *FOR COMPANY'S USE ONLY*
Identifiant - *Account*
Nombre d'actions / *Number of shares* — Nominatif / *Registered* — Vote simple / *Single vote* — Vote double / *Double vote* — Porteur / *Bearer*
Nombre de voix - *Number of voting rights*

A

☐ JE VOTE PAR CORRESPONDANCE / *I VOTE BY POST*
Cf. au verso (2) - *See reverse (2)*

Je vote **OUI** à tous les projets de résolutions présentés ou agréés par le Conseil d'Administration ou le Directoire ou la Gérance, à l'EXCEPTION de ceux que je signale en noircissant comme ceci ■ l'une des cases "Non" ou "Abstention". / *I vote YES all the draft resolutions approved by the Board of Directors, EXCEPT those indicated by a shaded box, like this ■, for which I vote No or I abstain.*

Sur les projets de résolutions non agréés, je vote en noircissant la case correspondant à mon choix. *On the draft resolutions not approved, I cast my vote by shading the box of my choice.*

	1	2	3	4	5	6	7	8	9	10	A	B
Non / No	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Oui / Yes ☐	☐
Abs.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Non / No ☐	☐
											Abs. ☐	☐
	11	12	13	14	15	16	17	18	19	20	C	D
Non / No	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Oui / Yes ☐	☐
Abs.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Non / No ☐	☐
											Abs. ☐	☐
	21	22	23	24	25	26	27	28	29	30	E	F
Non / No	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Oui / Yes ☐	☐
Abs.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Non / No ☐	☐
											Abs. ☐	☐
	31	32	33	34	35	36	37	38	39	40	G	H
Non / No	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Oui / Yes ☐	☐
Abs.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Non / No ☐	☐
											Abs. ☐	☐
	41	42	43	44	45	46	47	48	49	50	J	K
Non / No	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Oui / Yes ☐	☐
Abs.	☐	☐	☐	☐	☐	☐	☐	☐	☐	☐	Non / No ☐	☐
											Abs. ☐	☐

Si des amendements ou des résolutions nouvelles étaient présentés en assemblée, je vote **NON** sauf si je signale un autre choix en noircissant la case correspondante :
In case amendments or new resolutions are proposed during the meeting, I vote **NO** unless I indicate another choice by shading the corresponding box.
- Je donne pouvoir au Président de l'assemblée générale, / I appoint the Chairman of the general meeting ☐
- Je m'abstiens, / I abstain from voting ☐
- Je donne procuration [cf. au verso renvoi (4)] à M., Mme ou Mlle, Raison Sociale pour voter en mon nom / I appoint [see reverse (4)] Mr, Mrs or Miss, Corporate Name to vote on my behalf ☐

Pour être pris en considération, tout formulaire doit parvenir au plus tard :
To be considered, this completed form must be returned no later than:

à la banque / *to the bank*	sur 1ère convocation / *on 1st notification*	sur 2ème convocation / *on 2nd notification*
à la société / *to the company*	25 avril 2020 / *April 25th, 2020*	

B

☐ JE DONNE POUVOIR AU PRÉSIDENT DE L'ASSEMBLÉE GÉNÉRALE
Cf. au verso (3)
I HEREBY GIVE MY PROXY TO THE CHAIRMAN OF THE GENERAL MEETING
See reverse (3)

☐ JE DONNE POUVOIR À : Cf. au verso (4)
pour me représenter à l'Assemblée
I HEREBY APPOINT: See reverse (4)
to represent me at the above mentioned Meeting
M. Mme ou Mlle, Raison Sociale / Mr, Mrs or Miss, Corporate Name

Adresse / Address

ATTENTION : Pour les titres au porteur, les présentes instructions doivent être transmises à votre banque.
***CAUTION**: As for bearer shares, the present instructions will be valid only if they are directly returned to your bank.*

Nom, prénom, adresse de l'actionnaire (les modifications de ces informations doivent être adressées à l'établissement concerné et ne peuvent être effectuées à l'aide de ce formulaire). **Cf au verso (1)**
Surname, first name, address of the shareholder** (Change regarding this information have to be notified to relevant institution, no changes can be made using this proxy form). **See reverse (1)

C

Ai

Aii

Z
Whichever option you choose
DATE AND SIGN HERE

Date & Signature

« Si le formulaire est renvoyé daté et signé mais qu'aucun choix n'est coché (carte d'admission / vote par correspondance / pouvoir au président / pouvoir à mandataire), cela vaut automatiquement pouvoir au Président de l'assemblée générale »
"If the form is returned dated and signed but no choice is checked (admission card / postal vote / power of attorney to the President / power of attorney to a representative), this automatically applies as a proxy to the Chairman of the General Meeting"

For further information about Sanofi or your participation in the meeting, contact us:

- **By telephone:** BNP Paribas Securities Services: 00 33 1 40 14 80 40
- **By post:** Sanofi, Shareholder Relations Department – 54, rue La Boétie – 75008 Paris – France
- **By e-mail:** relations-actionnaires@sanofi.com

Due to the current health context, you are invited to shade either box A (vote by post) or box B (proxy to the Chairman on the General Meeting).

A **If you want to vote by post:**

- Shade box **A** "I vote by post":
  - The numbered boxes correspond to the numbered resolutions as proposed or approved by the Board and reproduced in this Notice of Meeting.
  - To vote **YES** to the resolutions, **leave the corresponding boxes blank**.
  - To vote NO on any of the resolutions, shade the corresponding box;
  - To ABSTAIN from voting on some resolutions as proposed or approved by the Board, shade the corresponding box.
- Date and sign box **Z** at the bottom of the form.

Ai **This box is used only to vote on resolutions submitted by shareholders and not approved by the Board:**

- To vote, shade the relevant box ("**Yes**", "**No**" or "**Abs**").

Aii **This box is used for amendments or new resolutions submitted during the meeting:**

- **To vote NO**, to amendments or new resolutions submitted during the meeting, don't' shade any of the boxed below.
- To appoint the Chairman of the general meeting, to **ABSTAIN** from voting or to **appoint a physical or legal person to vote** on your behalf for the vote of amendments or new resolutions submitted during the meeting, shade the box for whichever option you choose.

B **If you want to give your proxy to the Chairman of the Meeting:**

- Shade box **B** "I hereby give my proxy to the Chairman of the General Meeting";
- Date and sign box **Z** at the bottom of the form.

C **Give your surname, first name and address:**

- If this information is pre-printed on your form, please check it and correct it if necessary;
- If the person signing the form is not the shareholder, he/she must give his/her surname, first name and address, and indicate the capacity in which he/she is signing (e.g. trustee, guardian, etc.).

Z **All shareholders must date and sign this box.**

Agenda

Ordinary business

- Approval of the individual company financial statements for the year ended December 31, 2019 (1st resolution)
- Approval of the consolidated financial statements for the year ended December 31, 2019 (2nd resolution)
- Appropriation of results for the year ended December 31, 2019 and declaration of dividend (3rd resolution)
- Approval of regulated agreements and commitments falling within the scope of Articles L. 225-38 et seq of the French Commercial Code (4th resolution)
- Ratification of the co-opting of Paul Hudson as a director (5th resolution)
- Reappointment of Laurent Attal as a director (6th resolution)
- Reappointment of Carole Piwnica as a director (7th resolution)
- Reappointment of Diane Souza as a director (8th resolution)
- Reappointment of Thomas Südhof as a director (9th resolution)
- Appointment of Rachel Duan as a director (10th resolution)
- Appointment of Lise Kingo as a director (11th resolution)
- Determination of the compensation amount for the Board of Directors (12th resolution)
- Approval of the compensation policy for Directors (13th resolution)
- Approval of the compensation policy for the Chairman of the Board of Directors (14th resolution)
- Approval of the compensation policy for the Chief Executive Officer (15th resolution)
- Approval of the report on the compensation of corporate officers issued in accordance with Article L. 225-37-3 I. of the French Commercial Code (16th resolution)
- Approval of the components of the compensation paid or awarded in respect of the year ended 31 December 2019 to Serge Weinberg, Chairman of the Board (17th resolution)
- Approval of the components of the compensation paid or awarded in respect of the year ended 31 December 2019 to Paul Hudson, Chief Executive Officer from September 1, 2019 (18th resolution)
- Approval of the components of the compensation paid or awarded in respect of the year ended 31 December 2019 to Olivier Brandicourt, Chief Executive Officer until August 31, 2019 (19th resolution)
- Authorization to the Board of Directors to carry out transactions in the Company's shares (usable outside the period of a public tender offer) (20th resolution)
- Powers for formalities (21st resolution)

Report of the Board on resolutions submitted to the Ordinary General Meeting

This text is a free translation from the French language and is supplied solely for information purposes. Only the original version in the French language has legal force. This report describes the proposed resolutions that are being submitted to the meeting by the Board of Directors of your Company. The objective of this report is to draw your attention to the important points in the resolutions, in accordance with the relevant laws and regulations and with best practice in corporate governance as recommended for companies listed in Paris. It is essential that you read the proposed resolutions carefully and in full before exercising your vote.

Ordinary business

The first three resolutions concern the approval of the annual financial statements of the Company, the appropriation of profits, and the declaration of the dividend.

Approval of the Financial Statements

(1st and 2nd resolutions)

Acting on the recommendation of the Audit Committee, the Board of Directors proposes that you approve the individual company financial statements, showing a loss of €4,511,159,363.19, and the consolidated financial statements, showing a profit of €2,837,478,172.29, for the year ended December 31, 2019.

Detailed financial statements, including the income statement for the year ended December 31, 2019 are provided in the 2019 Annual Report on Form 20F published by the Company, available on its website www.sanofi.com.

Appropriation of Profits, Declaration of Dividend

(3rd resolution)

Acting on the recommendation of the Audit Committee, given retained earnings brought forward of €30,650,859,825.26 and distributable profits of €26,139,700,462.07, the Board of Directors proposes that you approve payment of a dividend of €3.15 per share, representing a payout ratio of 52.6% of business earnings per share(1).

For the three preceding years, the dividend per share was:

2016	2017	2018
€2.96	€3.03	€3.07

If the General Meeting approves our proposal, the ex-dividend date will be Monday May 4, 2020 and the dividend will be paid on Wednesday May 6, 2020.

(1) For a definition, see "Item 5. Operating and Financial Review and Prospects – A.1.5. Segment Information – 3/ Business Net Income" of our Annual Report on Form 20F.

Approval of Regulated Agreements and Commitments falling within the scope of Articles L.225-38 *et seq* of the French Commercial Code

(4th resolution)

In accordance with Article L. 225-40 of the French Commercial Code, we are asking that you approve the following regulated agreements and commitments entered into by the Company during the 2019 financial year:

- **Agreements and commitments authorized by the Board meeting of October 30, 2019**
  As part of its digital strategy, Sanofi decided to implement a scientific data digital management solution known as the "iLab project". Dassault Systèmes was selected following a tendering procedure conducted under very strict rules. As a result, the Board meeting of October 30, 2019 authorized subsidiaries controlled by Sanofi to enter into the following agreements relating to the iLab project:

  – Master Agreement between Sanofi-Aventis Groupe (SAG), a 100%-owned subsidiary of Sanofi, and Dassault Systèmes

    Purpose of the agreement: to define the terms on which SAG and its affiliates subscribe for a user license to operate a scientific data digital management software solution developed by Dassault Systèmes, including associated support and maintenance services.

    Term of the agreement: 5 years, renewable.

    Two further Transaction Documents will be signed with Dassault Systèmes in connection with the iLab project, one by SAG and the other by Sanofi US Services Inc. The Transaction Documents will allow a specified number of users to subscribe to the licenses stipulated in the Master Agreement.

    Financial terms (Master Agreement and Transaction Documents): estimated amount of €6.4 million over the full term of the Master Agreement.

  – Service Delivery Agreement between SAG and Dassault Systèmes

    Purpose of the agreement: to enable Dassault Systèmes to install, configure and interface the software solution within the Sanofi information system

    Term of the agreement: 3 years.

    Financial terms: maximum amount of €5.5 million over the entire term of the Agreement.

  The above agreements are submitted for your approval because Bernard Charlès – a director of Sanofi, and Vice-Chairman of the Board of Directors and Chief Executive Officer of Dassault Systèmes – has an indirect interest in them.

The Board of Directors noted that the solution developed by the teams at Dassault Systèmes would give Sanofi's R&D and Industrial Affairs teams access to an automated system for managing and sharing scientific data. By contributing to the digitization of the work done by Sanofi's pharmaceutical development laboratories, the solution would generate significant time savings for those teams.

Consequently, the Board took the view that the project is fully in line with Sanofi's digital strategy.

Composition of the Board of Directors

(5th to 11th resolutions)

As of February 29, 2020 the Board of Directors had 16 members, including eleven who are deemed independent and two directors representing employees.

Each year, the Board of Directors conducts a review to ensure that there is an appropriate balance in its composition and in the composition of its Committees. In particular, the Board seeks to ensure gender balance and broad diversity in terms of nationality and age but also of competencies and experience, reflecting Sanofi's status as a diversified global business. Above all, the Board seeks directors who show independence of mind and are competent, dedicated and committed.

When looking for a new nominee the Board takes into account its current and target composition, in order to identify the qualities that would best maintain the balance of the Board.

The Chairman of the Appointments, Governance and CSR Committee conducts a search based on the target profile, with the assistance of a specialist recruitment consultant. The Appointments, Governance and CSR Committee compiles a short-list of candidates based on this search, and the short-listed candidates hold exploratory meetings with several members of the Appointments, Governance and CSR Committee before the Committee formulates its recommendations to the Board as to which candidates are the best fit with the needs and preferences expressed by the Board.

Directorships at your Company are for a term of four years, as specified in the Articles of Association.

1. Ratification of the co-opting of Paul Hudson as a director

(5th resolution)
Paul Hudson, who has served as Chief Executive Officer since September 1, 2019, was co-opted as a director by the Board of Directors on October 30, 2019, replacing Olivier Brandicourt who had resigned, to serve for the remaining term of office of his predecessor (i.e. until the end of the Ordinary General Meeting called in 2022 to approve the financial statements for the year ended December 31, 2021).

You are being asked to approve the co-opting of Paul Hudson as a director (5th resolution).

As a director, Paul Hudson brings in-depth knowledge of the pharmaceutical industry to the Board, having spent his entire career in the sector. Previously Chief Executive Officer and a member of the Executive Committee at Novartis Pharmaceuticals (2016-2019), Paul Hudson has held senior management posts in the United States, Japan and Europe.

Prior to Novartis, he worked for AstraZeneca, where he held several increasingly senior positions and most recently carried out the roles of President, AstraZeneca United States and Executive Vice President, North America.

He began his career in sales and marketing roles at GlaxoSmithKline UK and Sanofi-Synthélabo UK.

Paul Hudson holds a degree in economics from Manchester Metropolitan University in the UK and last year his alma mater awarded him an honorary Doctorate in Business Administration for his achievements in the pharmaceutical industry. He also holds a diploma in marketing from the Chartered Institute of Marketing, also in the UK.

2. Reappointment of four directors

(6th, 7th, 8th and 9th resolutions)

The terms of office of Laurent Attal, Carole Piwnica, Diane Souza, Thomas Südhof and Claudie Haigneré expire at the end of this General Meeting. The term of office of Claudie Haigneré will not be renewed, for the reasons explained below.

Acting on the recommendation of the Appointments, Governance and CSR Committee, your Board of Directors proposes that you reappoint Laurent Attal, Carole Piwnica, Diane Souza and Thomas Südhof as directors for a four-year term (6th, 7th, 8th and 9th resolutions).

The four directors put forward for reappointment to the Board have the following competencies:

- Laurent Attal: scientific training, pharmaceutical industry experience, senior executive role in international group and international experience;
- Carole Piwnica: Board membership in international group, mergers & acquisitions and finance/accounting;
- Diane Souza: health insurance experience, mergers & acquisitions, finance/accounting and regulatory; and
- Thomas Südhof: scientific training.

Before submitting these reappointments for your approval, your Board of Directors has made sure that the nominees will be committed, and available to fulfill their duties. None of them holds an excessive number of directorships, and their individual attendance rates at Board and Committee meetings are high:

	Attendance at Board meetings in 2019	Attendance at Committee meetings in 2019	Attendance at Board meetings during entire term of office	Attendance at Committee meetings during entire term of office
Laurent Attal	100%	100%	97.5%	100%
Carole Piwnica	100%	100%	92.25%	100%
Diane Souza	100%	100%	100%	100%
Thomas Südhof	85%	100%	82.75%	100%

The Board also assessed their respective contributions to the work of the Board and of the Committees to which they belong, and decided that keeping them as directors was in the interests of your Company and consistent with the target composition of the Board as identified in the process described above.

3. Appointment of two independent directors

(10th and 11th resolutions)

The term of office of Claudie Haigneré, an independent director, expires at the next Annual General Meeting and will not be renewed because by the time of that meeting she will have served for 12 years on the Sanofi Board of Directors. Additionally, Suet-Fern Lee has let known her intention to retire and as a consequence to resign from her office as director before this General Meeting.

Acting on the recommendation of the Appointments, Governance and CSR Committee, the Board of Directors proposes that you appoint in replacement of Claudie Haigneré and Suet-Fern Lee:

- **Rachel Duan (10th resolution)**

A Chinese national, Rachel Duan would bring to the Board acknowledged healthcare sector expertise and excellent knowledge of international markets, especially China.

Rachel Duan currently serves as Senior Vice President of General Electric, and as President & Chief Executive Officer of General Electric China and General Electric Global Markets (China).

Rachel Duan holds a Masters in economics and international trade from the University of Shanghai and a Master of Business Administration (MBA) from the University of Wisconsin (Madison, United States).

- **Lise Kingo (11th resolution).**

A Danish national, Lise Kingo is an acknowledged expert in the field of corporate social responsibility. She currently serves as CEO and Executive Director of the United Nations Global Compact. Her term of office in this role expires in June 2020, at which point she intends to return to Europe. Lise Kingo has spent the majority of her career in companies focused on science. She began her career in Denmark, where she held a variety of posts at Novo Nordisk and Novozymes.

Lise Kingo holds a Masters of Science in Responsibility and Business Practice from the University of Bath (United Kingdom); a Bachelor of Arts degree in the Science of Religions and Ancient Greek Culture from the Universities of Aarhus and Odense (Denmark); and a Bachelor of Commerce in Marketing Economics from the Copenhagen Business School. She also has a certificate in Corporate Governance from the INSEAD International Directors Program. Throughout her career, Lise Kingo held several positions in Denmark, the United-Kingdom, Norway, the Netherlands, and the United States.

We are proposing you to appoint Rachel Duan and Lise Kingo for a four year term of office, expiring at the end of the Ordinary General Meeting called in 2024 to approve the financial statements for the year ended December 31, 2023.

* * *

Full career resumés of each nominee for appointment, reappointment or co-opting as a director can be found on page 26 of the present notice of meeting.

At the close of the present General Meeting, subject to adoption of the 5th, 6th, 7th, 8th, 9th, 10th and 11th resolutions, the composition of the Board of Directors will therefore be as follows (expiry of term of office in parentheses):

- Serge Weinberg, Chairman of the Board (2023), independent director;
- Paul Hudson, Chief Executive Officer (2022);
- Laurent Attal (2024);
- Emmanuel Babeau (2022), independent director;
- Christophe Babule (2022);
- Bernard Charlès (2021), independent director;
- Rachel Duan (2024), independent director;
- Lise Kingo (2024), independent director;
- Patrick Kron (2022), independent director;
- Fabienne Lecorvaisier (2021), independent director;
- Melanie Lee (2021), independent director;
- Marion Palme (2021), director representing employees;
- Carole Piwnica (2024), independent director;
- Christian Senectaire (2021), director representing employees;
- Diane Souza (2024), independent director; and
- Thomas Südhof (2024), independent director.

In compliance with the AFEP-MEDEF Code and acting on the recommendations of the Appointments, Governance and CSR Committee, the Board of Directors performed a further review of director independence at its meeting of March 4, 2020. Based on this review and subject to the adoption of the 5th, 6th, 7th, 8th, 9th, 10th and 11th resolutions, after the meeting closes there will be no change in the number of directors (16), the proportion of independent directors (79%) or the proportion of female directors (43%), calculated in accordance with the applicable rules. The percentage of foreign directors would reach 50%.

Determination of the Compensation Amount for Directors

(12th resolution)

The maximum annual amount of overall compensation that can be allocated to the directors was set by the Annual General Meeting of our shareholders on May 10, 2017 at €1,750,000 (the previous amount of €1,500,000 had been changed due to the entry of two directors representing employees to the Board).

Given the increasing number of non-French directors on the Board of Directors and in order to allow a revaluation of the variable portion of the compensation, the forthcoming Annual General Meeting will be asked in the 12th resolution to approve an increase in the maximum annual amount of overall compensation that can be allocated to the directors to €2,000,000, with effect from the 2020 financial year.

In the event of a favorable vote to the 12th resolution, the amounts payable to Directors for attendance to meetings (variable portion of their compensation) would be revised upwards effective financial year 2020 – the new amounts per meeting are detailed in the section pertaining to the 13th resolution below. Note that these amounts have not been reevaluated for 10 years.

Compensation Policy for Corporate Officers (ex-ante Vote)

(13th to 15th resolutions)

The compensation policy for corporate officers, as determined by the Board of Directors at its meeting of March 4, 2020 pursuant to Article L. 225-37-2 of the French Commercial Code, is described in the report on corporate governance prepared by the Board of Directors in accordance with Article L. 225-37 of the Commercial Code and included in Sanofi's 2019 Annual Report on Form 20-F in Item 6.B, "Compensation", available in the "Reports and Publications" section of the Investors page of the Sanofi corporate website (www.sanofi.com).

The policy describes all the components of compensation awarded to corporate officers of Sanofi as consideration for holding office, and explains the process by which it is determined, reviewed and implemented.

The compensation policy for the corporate officers of Sanofi has three distinct elements: (i) the compensation policy for directors; (ii) the compensation policy for the Chairman of the Board; and (iii) the compensation policy for the Chief Executive Officer.

Each of those policies is submitted for your approval in accordance with Article L. 225-37-2 II of the French Commercial Code. Subject to adoption of the 13th to 15th resolutions, the compensation policy will apply to any person holding corporate office during 2020. If a new corporate officer is appointed between two Annual General Meetings, their compensation is defined by the Board of Directors, applying the terms of the compensation policy approved by the most recent Annual General Meeting.

The compensation policy is not subject to annual review, although some arrangements for implementing the policy – such as the performance criteria applicable to annual variable compensation, for example – are defined by the Board of Directors on an annual basis.

Process for determining the compensation policy for corporate officers

The compensation policy for corporate officers is established by the Board of Directors, acting on the recommendation of the Compensation Committee. The Board of Directors applies the AFEP-MEDEF Code when determining the compensation and benefits awarded to our non-executive and executive officers.

All members of the Compensation Committee are independent directors, and were chosen for their technical competencies and their good understanding of current standards, emerging trends and Sanofi's practices.

To fulfill their remit, the Committee regularly invites the Executive Vice President – Human Resources and the Head of Compensation and Employee Benefits to attend their meetings, although they absent themselves when the Committee deliberates. Committee members also work with the Chairman and the Secretary to the Board, who have contacts with our principal shareholders ahead of the Annual General Meeting.

In addition, the Chairman of the Committee:
- discusses the financial, accounting and tax impacts of the proposed compensation policy with the Chairman of the Audit Committee;
- plays an active role at meetings of the Appointments, Governance and CSR Committee and the Strategy Committee (to both of which he belongs), thereby gaining assurance that the proposed performance criteria are consistent and appropriate in light of Sanofi's strategic ambitions.

After consulting the Compensation Committee and as the case may be the other Board Committees, the Board of Directors may temporarily derogate from the approved compensation policy in exceptional circumstances and to the extent that the changes are aligned on the corporate interest and necessary to safeguard the continuity or viability of Sanofi. The components of compensation where it is possible to derogate from the approved policy are (i) fixed compensation and (ii) annual variable compensation, and the change may be either an increase or a decrease in compensation. The circumstances in which such derogation could apply might include (non-exhaustive list) an exceptional acquisition or a major change in strategy.

General principles and objectives

Sanofi's compensation policy is based on the following general principles:
- the policy must be simple;
- the policy must prioritize long-term performance;
- the level of compensation must be competitive, so that the Company can attract and retain talent; and
- there must be a fair balance between the corporate interest, the challenges of delivering on Sanofi's strategy, and the expectations of stakeholders.

The Compensation Committee must ensure that trends in the compensation of corporate officers over the medium term are not uncorrelated with trends in the compensation of all our employees. In terms of annual variable compensation and equity-based compensation, the Compensation Committee aims to achieve convergence between the performance criteria applied to our Senior Leaders and those applied to the Chief Executive Officer.

Our equity-based compensation policy, which aims to align employee and shareholder interests and reinforce loyalty to Sanofi, is considered a critical tool for our worldwide attractiveness as an employer.

1. Compensation policy for directors

(13th resolution)

The arrangements for allocating the overall annual amount set by the Annual General Meeting between the Directors are determined by the Board of Directors, acting on a recommendation from the Compensation Committee. Directors' compensation includes (i) a fixed annual payment of €30,000, apportioned on a time basis for directors who assumed or left office during the year; and (ii) a variable amount, allocated by the Board according to actual attendance at Board and Committee meetings. As required by the AFEP-MEDEF Code, directors' compensation is allocated predominantly on a variable basis.

The Board meeting held on March 4, 2020 raised the amount of compensation allocated to Directors per meeting with effect from the 2020 financial year, with the caveat that those arrangements will apply subject to approval of the new maximum annual amount in the 12th resolution by the forthcoming Annual General Meeting. It is specified that those amounts had not been changed since 2010. The table below shows how the variable amount payable to directors for attendance at Board and committee meetings would be determined.

If the Annual General Meeting decides not to vote in favor of the 12th resolution, the arrangements for allocating the overall annual amount between them would remain the same as those applicable for 2019, as described in Sanofi's 2019 Annual Report on Form 20-F in Item 6.B Directors, Senior Management and Employees"— Compensation and benefits of all kinds paid during 2019 or awarded in respect of 2019 to directors" (page 110).

	Remuneration per meeting*			
	Directors resident in France	Directors resident outside France but within Europe	Directors resident outside Europe	Chair
Board of Directors	€5,500	€8,250	€11,000	N/A
Audit Committee	€8,250	€8,250	€8,250	€11,000
Compensation Committee	€5,500	€8,250	€11,000	Determined by reference to place of residence
Appointments, Governance and CSR Committee	€5,500	€8,250	€8,250	Determined by reference to place of residence
Strategy Committee	€5,500	€8,250	€11,000	Determined by reference to place of residence
Scientific Committee	€5,500	€8,250	€11,000	Determined by reference to place of residence

**Amounts applicable as from January 1st, 2020, subject to approval by the general meeting of the 12th resolution.*

A director who participates by conference call or by video-conference receives a payment equivalent to half the amount received by a director resident in France who attends in person.

As an exception, in certain cases two meetings held on the same day give entitlement to a single payment:
- if on the day of a Shareholders' General Meeting, the Board of Directors meets both before and after the Meeting, only one payment is made for the two Board meetings;
- if on the same day a director participates in a meeting of the Compensation Committee and a meeting of the Appointments, Governance and CSR Committee, only the higher of the two payments is made to cover both meetings.

The introduction of a separate compensation scale depending on whether or not the director is a European resident is intended to take into account the significantly longer travel time required to attend meetings in person.

Directors do not receive any exceptional compensation or equity-based compensation and have no entitlement to a top-up pension plan.

Neither the Chairman of the Board nor the Chief Executive Officer receives any compensation for serving as a director.

2. Compensation policy for the Chairman of the Board of Directors

(14th resolution)

The compensation policy for the Chairman of the Board of Directors is identical to that approved by the Annual General Meeting of Sanofi shareholders on April 30, 2019.

The compensation of the Chairman of the Board of Directors (where the office of Chairman is separate from that of Chief Executive Officer, as is currently the case) consists solely of fixed compensation and benefits in kind and excludes any variable compensation, any awards of stock options or performance shares, and any directors' attendance fees.

Where the office of Chairman is separate from that of Chief Executive Officer, as is currently the case, the Chairman of the Board is not entitled to the Sanofi top-up defined-benefit pension plan.

Nor is he entitled to a termination benefit or a non-compete indemnity.

Neither the Chairman of the Board nor the Chief Executive Officer receives attendance fees in their capacity as directors. Consequently, the Chairman of the Board does not receive attendance fees in his capacity as Chairman of the Board, Chairman of the Appointments, Governance and CSR Committee, Chairman of the Strategy Committee or member of the Scientific Committee.

3. Compensation policy for the Chief Executive Officer

(15th resolution)

- **General principles**

The compensation policy for the Chief Executive Officer is established by the Board of Directors, acting on the recommendation of the Compensation Committee.

The compensation structure is not subject to annual review and is applicable for as long as it remains unchanged. Adjustments may be made from one year to the next in how the compensation policy for the Chief Executive Officer is implemented; a table showing such adjustments in 2019 and 2018 is provided below.

The compensation of the Chief Executive Officer is determined with reference to the compensation awarded to the chief executive officers of the following ten leading global pharmaceutical companies: AstraZeneca plc, Bayer AG, Bristol-Myers-Squibb Inc., Eli Lilly and Company Inc., Johnson & Johnson Inc., GlaxoSmithKline plc, Merck Inc., Novartis AG, Pfizer Inc., and Roche Holding Ltd. This panel comprises companies that are comparable to Sanofi. Consistency with market practice is fundamental in order to attract and retain the talents necessary to our success. In 2019, on the basis of the information published as of the date of this annual report on Form 20-F, the median fixed compensation of the chief executive officers of the aforementioned ten leading global pharmaceutical companies was in the region of €1,477,000; the median of the annual variable compensation awarded was in the region of €2,224,000; and the median of the long-term compensation awarded (whether equity-based or in cash) represented around 700% of fixed compensation. The practices of the main CAC 40 companies are also looked at.

The payment and award in a given year of variable compensation, including any in respect of the previous year, are contingent on approval of the Chief Executive Officer's compensation package by our shareholders in an Ordinary General Meeting, on the terms stipulated in Article L. 225-100 of the French Commercial Code.

This applies to the following components of compensation:
- annual variable compensation (established on the basis partly of quantitative criteria, and partly of qualitative criteria);
- equity-based compensation (subject to fulfillment of performance conditions).

The exhaustive version of the compensation policy for the Chief Executive is detailed in Sanofi's 2019 Annual Report on Form 20-F under "— Item 6: Directors, Senior Management and Employees — B. Compensation" (pages 104 to 125).

- **On taking up office**

When the Chief Executive Officer is an outside appointment, the Board of Directors may decide, acting on a recommendation from the Compensation Committee, to compensate the appointee for some or all of the benefits he may have forfeited on leaving his previous employer. In such a case, the terms on which the Chief Executive Officer is hired aim to replicate the diversity of what was forfeited, with a comparable level of risk (variable portion, medium-term equity-based or cash compensation).

During the term of office

Compensation structure

Our policy aims at achieving and maintaining a balance in the compensation structure between fixed compensation, benefits in kind, short-term variable cash compensation, and medium-term variable equity-based compensation.

The compensation policy for the Chief Executive Officer is designed to motivate and reward performance by ensuring that a significant portion of compensation is contingent on the attainment of financial, operational and extra-financial criteria that reflect Sanofi's objectives, and are aligned with the corporate interest and with the creation of shareholder value. Variable cash compensation and equity-based compensation are the two principal levers for action, and are intended to align the interests of the Chief Executive Officer with those of our shareholders and stakeholders.

Annual fixed compensation

The amount of annual fixed compensation is not subject to annual review. It may however be changed, provided that such change is not material:

- on the appointment of a new Chief Executive Officer so as to reflect the new appointee's competencies and/or then current market practice;
- in exceptional circumstances to take account of changes in (i) the role or responsibilities of the Chief Executive Officer, for example in terms of market conditions or the size of the Sanofi group or (ii) the performance level of Sanofi over a given period.

Annual variable compensation

Annual variable compensation is in a range between 0 and 250% of fixed compensation, with a target of 150%. It is a subject to a range of varied and exacting performance criteria, both quantitative and qualitative. The criteria are reviewed regularly in light of the strategic objectives determined by Sanofi. The Board of Directors sets the criteria for each year at the start of that year. For 2020, the criteria are:

- 40% based on financial indicators published by the Company: net sales, business net income, free cash flow and business operating income (BOI) margin, each accounting for a quarter. The two new indicators, free cash flow and BOI margin, have been chosen because they are in line with the Company's strategic roadmap.
- 60% based on specific individual objectives. These include an objective linked to corporate social responsibility, underlining the Board's commitment to long-term value creation. The individual objectives set for variable remuneration for 2020 are described in Sanofi's 2019 Annual Report on Form 20-F under " – Compensation and benefits of all kinds awarded to corporate officers in respect of 2020" page 123.

The percentage of variable compensation linked to the attainment of quantitative criteria may be scaled down regardless of actual performance, in order to give greater weight to the attainment of qualitative criteria. This flexibility can only operate to reduce the amount of variable compensation, and cannot compensate for underperformance on quantitative criteria.

The policy does not allow for the possibility of clawing back any annual variable compensation.

In accordance with Article L. 225-100 of the French Commercial Code, payment of annual variable compensation in a given year in respect of the previous year is contingent on a favorable shareholder vote at the Annual General Meeting.

Equity-based compensation

The Chief Executive Officer's equity-based compensation, which since June 2019 is only in the form of performance shares, may not exceed 250% of his target short-term compensation (fixed plus variable).

The Chief Executive Officer's equity-based compensation is contingent upon attainment of exacting performance conditions measured over a three-year-period. Those awards are contingent upon:

- internal criteria, based on business net income and free cash flow (FCF); and
- an external criterion based upon total shareholder return (TSR) relative to a benchmark panel of twelve of the leading global pharmaceutical companies: AstraZeneca plc, Bayer AG, Bristol-Myers-Squibb Inc., Eli Lilly and Company Inc., Johnson & Johnson Inc., GlaxoSmithKline plc, Merck Inc., Novartis AG, Pfizer Inc., Roche Holding Ltd., Amgen, and Novo Nordisk. The panel has been expanded effective 2020 so that pharmaceutical companies operating in the biotechnology field are better represented.

Any award of equity-based compensation in a given year is contingent on a favorable shareholder vote at the Annual General Meeting held in that year.

The Chief Executive Officer is bound by obligations regarding share ownership – See section relating to the Compensation policy for the Chief Executive in Sanofi's 2019 Annual Report on Form 20-F.

Absence of other compensation under the Chief Executive Officer's remit

The Chief Executive Officer does not receive multi-year variable compensation and cannot be awarded exceptional compensation.

Executive officers of Sanofi do not receive any compensation for serving as directors. Consequently, the Chief Executive Officer does not receive compensation in his capacity as a director or as a member of the Strategy Committee.

- **On leaving office**

The Chief Executive Officer is entitled to a top-up defined-contribution pension plan, a termination benefit, and a non-compete indemnity.

Such arrangements are part of the overall compensation package generally awarded to executive officers; in line with recommendations of the AFEP-MEDEF code, there are very strict rules about how they are implemented. The termination benefit and non-compete indemnity are intended to compensate for the fact that the Chief Executive Officer may be dismissed at any time.

Each of those benefits is taken into account by the Board of Directors when fixing the overall compensation of the Chief Executive Officer.

Pension arrangements

The Chief Executive Officer is entitled to benefits under the top-up defined-contribution pension plan introduced within Sanofi on January 1, 2020. This is a collective plan falling within the scope of Article 82 of the French General Tax Code. It is also offered to members of our Executive Committee and all senior executives whose position is classified within the Sanofi grade scale as "Executive Level 1 or 2". The Chief Executive Officer's entitlement under this plan may be withdrawn by a decision of the Board of Directors, but not retroactively.

Under the terms of the plan, the Chief Executive Officer receives an annual contribution the amount of which (subject to attainment of a performance condition) may be up to 25% of his reference compensation (annual fixed and variable cash-based compensation only; all other compensation is excluded).

The details of the payment of the annual contribution are described in Sanofi's 2019 Annual Report on Form 20-F under "– Item 6. Directors, Senior Management and Employees – B. Compensation – Compensation policy for the Chief Executive Officer" page 106.

The pension entitlement is not cumulative with (i) any termination benefit paid in the event of forced departure or (ii) any non-compete indemnity.

Termination arrangements

The termination benefit only becomes payable if the departure of the Chief Executive Officer is forced, i.e. in the event of removal from office or resignation linked to a change in strategy or control of the Company. Compensation for non-renewal of the term of office is irrelevant in the case of the Chief Executive Officer, because this office is held for an indefinite term.

In addition, no termination benefit is payable and the arrangement is deemed to have been rescinded in the following circumstances:

- in the event of removal from office for gross or serious misconduct (faute grave ou lourde);
- if the Chief Executive Officer elects to leave Sanofi to take up another position;
- if the Chief Executive Officer is assigned to another position within Sanofi;
- if the Chief Executive Officer takes his pension.

Payment of the termination benefit is contingent upon fulfillment of a performance condition, which is deemed to have been met if the attainment rate for the individual variable compensation objectives exceeded 90% of the target; that condition is assessed over the three financial years preceding the Chief Executive Officer leaving office.

The amount of the termination benefit is capped at 24 months of his most recent total compensation on the basis of (i) the fixed compensation effective on the date of leaving office and (ii) the last variable compensation received prior to that date, subject to fulfillment of the performance condition.

The amount of the termination benefit is reduced by any amount received as consideration for the non-compete undertaking, such that the aggregate amount of those two benefits may never exceed two years of total fixed and variable compensation.

Non-compete undertaking

In the event of his departure from the Company, the Chief Executive Officer undertakes, during the 12-month period following his departure, not to join a competitor of the Company as an employee or corporate officer, or to provide services to or cooperate with such a competitor.

In return for this undertaking, he receives an indemnity corresponding to one year's total compensation, based on his fixed compensation effective on the day he leaves office and on the last individual variable compensation he received prior to that date. This indemnity is payable in 12 monthly installments.

However, the Board of Directors reserves the right to release the Chief Executive Officer from that undertaking for some or all of that 12-month period. In such cases, the non-compete indemnity would not be due for the period of time waived by the Company.

The consequences of the departure of the Chief Executive Officer on his equity-based compensation are detailed in Sanofi's 2019 Annual Report on Form 20-F under "– Item 6. Directors, Senior Management and Employees – B. Compensation – Compensation policy for the Chief Executive Officer" page 106.

The table below presents a **summary of the benefits (as described above) that could be claimed by the Chief Executive Officer on leaving** office, depending on the terms of his departure. The information provided in this summary is without prejudice to any decisions that may be made by the Board of Directors.

	Voluntary departure/ Removal from office for gross or serious misconduct	Forced departure	Retirement
Termination benefit[a]	/	24 months of fixed compensation as of the date of leaving office + 24 months of most recent individual variable compensation received[d] – Amounts received as non-compete indemnity	/
Non-compete indemnity[b]	12 months of fixed compensation as of the date of leaving office + 12 months of most recent individual variable compensation received prior to leaving office	12 months of fixed compensation as of date of leaving office + 12 months of most recent individual variable compensation received prior to leaving office[e]	/
Top-up pension[c]	/	/	Annual contribution of up to 25% of reference compensation
Stock option and performance share plans not yet vested	Forfeited in full	Rights retained in prorata to period of employment within Sanofi[f]	Rights retained[f]

(a) The amount of the termination benefit is reduced by any indemnity received as consideration for the non-compete undertaking, such that the aggregate amount of those two benefits may never exceed two years of total fixed and variable compensation.
(b) The Board of Directors may decide to release the Chief Executive Officer from the non-compete undertaking for some or all of the 12-month period. In that case, the non-compete indemnity would not be due, or would be scaled down proportionately.
(c) Defined-contribution pension plan, within the scope of Article 82 of the French General Tax Code. Subject to fulfillment of the performance condition, assessed each year.
(d) Subject to fulfillment of the performance condition assessed over the three financial years preceding the departure from office, as described above.
(e) Subject to the Board of Directors enforcing the non-compete undertaking, the amount of the termination benefit is reduced by any indemnity received as consideration for the non-compete undertaking, such that the aggregate amount of those two benefits may never exceed two years of total fixed and variable compensation.
(f) In this case, the Chief Executive Officer remains subject to the terms of the plans, including the performance conditions and the non-compete clause.

The table below summarizes **adjustments made over the last two years to how the compensation policy for the Chief Executive Officer** is implemented:

Post 2019 AGM	Post 2018 AGM
Structure of compensation policy unchanged, but adjustments made to how the policy is implemented: – the Board of Directors may temporarily derogate from the approved compensation policy in exceptional circumstances. – the Chief Executive Officer is only awarded performance shares, and is no longer awarded stock options; – for restricted shares, the comparison is now made with 12 leading global pharmaceutical companies (instead of 10); – the performance condition applicable to the termination benefit has been modified; – the top-up pension plan arrangements have changed following the entry into force of Order no. of July 3, 2019 on compensation arrangements for corporate officers of listed companies.	Structure of compensation policy unchanged, but adjustments made to how the policy is implemented: – annual variable compensation, with the introduction of a separate CSR-based individual performance criterion; and – equity-based compensation, with the ROA-based performance criterion replaced with one based on FCF(a)in future performance share plans (i.e. those awarded in or after 2019).

Approval of Compensation and Benefits of All Kinds Paid During 2019 or Awarded in Respect of 2019 to Corporate Officers (ex-post Vote)

(16th to 19th resolutions)

The proposed resolutions presented below constitute the ex-post vote on the compensation of corporate officers under the rules implemented by Order no. 2019-1234 of November 27, 2019 (the "Pacte Order"), which transposed into French law European Directive no. 2017/828/EU of May 17, 2017 amending Directive 2007/36/EC to promote long-term shareholder engagement.

The ex-post voting arrangements introduced by the Pacte Order require the following to be submitted for your approval:

- the report on the compensation of corporate officers, presented in the report on the corporate governance of the Company referred to in Article L. 225-37 of the French Commercial Code and containing all the information required under Article L. 225-37-3 I of the French Commercial Code: compensation paid during 2019 or awarded in respect of 2019 to each corporate officer (16th resolution);
- the components of the compensation paid during or awarded in respect of the year ended December 31, 2019 to each **executive officer**, which for Sanofi means:
  - Serge Weinberg, Chairman of the Board (17th resolution);
  - Paul Hudson, Chief Executive Officer from September 1, 2019 (18th resolution);
  - Olivier Brandicourt, Chief Executive Officer until August 31, 2019 (19th resolution).

1. Approval of the report on the compensation of corporate officers issued pursuant to Article L. 225-37-3 of the French Commercial Code

(16th resolution)

In the 16th resolution, you are asked to approve all the information relating to the compensation of corporate officers presented in the report on corporate governance pursuant to Part I of Article L. 225-37-3 of the French Commercial Code (the "Report on the compensation of corporate officers").

That information relates to all components of the compensation and benefits of all kinds paid during 2019 or awarded in respect of 2019 to each corporate officer of Sanofi: Serge Weinberg (Chairman of the Board); Paul Hudson, Chief Executive Officer from September 1, 2019; and Olivier Brandicourt, Chief Executive Officer until August 31, 2019. It also includes pay ratios comparing the level of compensation of Sanofi's executive officers with those of Sanofi employees, and information about trends in the compensation of Sanofi's executive officers and employees relative to the performance of the Company.

The report on the compensation of corporate officers consists of the information provided in Item 6.B of Sanofi's Annual Report on Form 20-F for 2019, in the section entitled "Compensation and benefits of all kinds paid during 2019 or awarded in respect of 2019 to corporate officers" on **pages 110 to 122**.

2. Approval of the components of the compensation paid during or awarded in respect of the year ended 31 December 2019 to executive officers

(17th, 18th and 19th resolutions)

In these resolutions, you are asked to approve the fixed, variable and exceptional components constituting the total compensation and benefits of whatever kind paid during 2019 or awarded in respect of 2019 to Serge Weinberg, Chairman of the Board of Directors; Paul Hudson, Chief Executive Officer from September 1, 2019; and Olivier Brandicourt, Chief Executive Officer until August 31, 2019.

Variable and exceptional compensation cannot be paid or awarded until after it has been approved by a General Meeting of the shareholders. Similarly, under the Company's compensation policy any award of equity-based compensation in a given year is contingent on a favorable shareholder vote at the Annual General Meeting.

a) Serge Weinberg, Chairman of the Board (17th resolution)

Serge Weinberg has held the office of Chairman of the Board of Directors since May 17, 2010. He has never had, and does not currently have, a contract of employment with Sanofi.

The Chairman of the Board also chairs the Appointments, Governance and CSR Committee (formerly the Appointments and Governance Committee), and is also a member of the Scientific Committee.

In accordance with our Board Charter, the Chairman:

- in coordination with the Chief Executive Officer, liaises between the Board of Directors and the shareholders of the Company;
- is kept regularly informed by the Chief Executive Officer of significant events and situations affecting the affairs of the Company, and may request from the Chief Executive Officer any information useful to the Board of Directors;
- may, in close collaboration with the Chief Executive Officer, represent the Company in high-level dealings with governmental bodies and with key partners of the Company and/or of its subsidiaries, both nationally and internationally;
- seeks to prevent any conflict of interest and manages any situation that might give rise to a conflict of interest. He also gives rulings, in the name of the Board, on requests to take up external directorships of which he may become aware or that may be submitted to him by a director;
- may interview the statutory auditors in preparation for the work of the Board of Directors and the Audit Committee; and
- strives to promote in all circumstances the values and image of the Company.

The Chairman is also required to develop and maintain a proper relationship of trust between the Board and the Chief Executive Officer, so as to ensure that the latter consistently and continuously implements the orientations determined by the Board.

In fulfilling his remit, the Chairman may meet with any individual, including senior executives of the Company, while avoiding any involvement in directing the Company or managing its operations, which are exclusively the responsibility of the Chief Executive Officer.

Finally, the Chairman reports to the Board on the fulfillment of his remit.

A description of the activities of the Chairman of the Board in 2019 is provided in Item 6.B of Sanofi's 2019 Annual Report on Form 20-F, in the section entitled "Compensation and benefits of all kinds paid during 2019 or awarded in respect of 2019 to corporate officers".

Components of compensation paid during or awarded in respect of the year ended December 31, 2019 to Serge Weinberg, Chairman of the Board of Directors, and submitted to a shareholder vote

Serge Weinberg's compensation for 2019 was determined by the Board of Directors on March 8, 2019, acting on a recommendation from the Compensation Committee and in compliance with the compensation policy for the Chairman of the Board.

The table below shows the components of the compensation and benefits of all kinds paid or awarded to Serge Weinberg for serving as Chairman of the Board in respect of the year ended December 31, 2019, and submitted to you for a vote pursuant to Article L. 225-100 of the French Commercial Code.

Components of compensation submitted to a shareholder vote	Amounts paid during the year ended December 31, 2019 (€)	Amounts awarded in respect of the last financial year or accounting valuation (€)	Comments
Fixed compensation	700,000	N/A	The yearly fixed compensation allocated to Serge Weinberg amounts to a gross amount of EUR 700,000.
Annual variable compensation	N/A	N/A	None
Awards of stock options and/ or performance shares	N/A	N/A	None
Termination benefit	N/A	N/A	None
Exceptional compensation	N/A	N/A	None
Non-compete indemnity	N/A	N/A	None
Top-up pension plan	N/A	N/A	None
Health coverage and death & disability plans	N/A	N/A	None
Multi-year variable compensation	N/A	N/A	None
Benefits in kind	8,040	N/A	None
Compensation for serving as a director	N/A	N/A	The amount reported for benefits in kind relates to a company car with a chauffeur.

b) Paul Hudson, Chief Executive Officer since September 1, 2019 (18th resolution)

Paul Hudson was appointed Chief Executive Officer by the Board of Directors on September 1 2019, for an indefinite term of office. He succeeded Olivier Brandicourt, who served as Chief Executive Officer from April 2, 2015 through August 31, 2019.

Paul Hudson does not have a contract of employment with Sanofi.

Components of compensation paid or awarded in respect of the 2019 financial year for the period from September 1, 2019 to Paul Hudson, Chief Executive Officer, and submitted to a shareholder vote

Paul Hudson's compensation for 2019 was determined by the Board of Directors on June 6, 2019, acting on a recommendation from the Compensation Committee and in compliance with the compensation policy for the Chief Executive Officer.

The table below shows the components of the compensation and benefits of all kinds paid or awarded to Paul Hudson for serving as Chief Executive Officer in respect of the year ended December 31, 2019, and submitted to you for a vote pursuant to Article L. 225-100 of the French Commercial Code.

Components of compensation submitted to a shareholder vote	Amounts paid during the last financial year (€)	Amounts awarded in respect of the last financial year or accounting valuation (€)	Comments
Annual fixed compensation	433,333	N/A	Paul Hudson's annual fixed compensation has been set at €1,300,000 gross. The amount of fixed compensation paid in 2019 was apportioned on a time basis for the period from September 1, 2019 through December 31, 2019.
Annual variable compensation	N/A	650,000	The gross variable compensation of the Chief Executive Officer is in a potential range between 0 and 250% of his gross annual fixed compensation, with a target of 150%, and is contingent upon both quantitative and qualitative objectives. Because Paul Hudson was appointed towards the end of the financial year, his variable compensation for 2019 was set at the target level (after apportionment on a time basis). Payment of the variable compensation in respect of 2019 is subject to approval by the present Annual General Meeting.
Compensation for taking up office	N/A	3,664,500	Phantom Stock Units Having waived all equity-based compensation not yet vested on leaving his previous employer, Paul Hudson was awarded a medium-term incentive plan under which he could be paid a cash bonus subject to continuing employment and performance conditions. Under the terms of the plan, which offsets approximately 50% of the compensation waived by Paul Hudson, he would be awarded phantom stock units, vesting of which is contingent on (i) his continuing employment and (ii) attainment of performance conditions, with those conditions to be measured for half of the award (i.e. 25,000 phantom stock units) as of March 30, 2021 and for the other half of the award (i.e. 25,000 phantom stock units) as of March 30, 2022. On expiry of the vesting periods mentioned below, the phantom stock units will vest, entitling Paul Hudson to a cash bonus equal to the value of Sanofi shares, computed as the average of the opening quoted market prices of Sanofi shares on Euronext Paris for the 20 trading days preceding each vesting date. The performance conditions applicable to the 50,000 phantom stock units, and the reference periods for assessing fulfillment of those conditions are set forth in Item 6.B of Sanofi's Annual Report on Form 20-F (pages 119 to 121). The amount of €3,664,500 is the valuation of the 50,000 phantom stock units at the date of grant, subject to fulfillment of the performance conditions.
Multi-year variable compensation	N/A	N/A	None.
Awards of stock options and/or performance shares	N/A	N/A	Paul Hudson was not awarded any performance shares in 2019.
Exceptional compensation	N/A	N/A	None.

Components of compensation submitted to a shareholder vote	Amounts paid during the last financial year (€)	Amounts awarded in respect of the last financial year or accounting valuation (€)	Comments
Termination benefit	No payment made	N/A	Paul Hudson is entitled to a termination benefit that only becomes payable if his departure is forced (i.e. in the event of removal from office linked to a change in strategy or control of the Company), and is subject to a performance condition. The terms and conditions for payment of the termination benefit, in particular those related to attainment of a performance condition, are described in the section on the compensation policy for the Chief Executive Officer, pages 106 and following of Sanofi's 2019 Annual Report on Form 20-F.
Non-compete indemnity	No payment made	N/A	In the event of his departure from the Company, Paul Hudson undertakes not to join a competitor of the Company as an employee or corporate officer, or to provide services to or cooperate with such a competitor, during a 12-month period following his departure. The terms and conditions for payment of the non-compete indemnity are described in the section on the compensation policy for the Chief Executive Officer, pages 106 and following of Sanofi's 2019 Annual Report on Form 20-F.
Top-up pension plan	No payment made	N/A	In accordance with the compensation policy for the Chief Executive Officer, Paul Hudson is entitled to benefits under the top-up defined-contribution pension plan introduced within Sanofi on January 1, 2020. This is a collective plan falling within the scope of Article 82 of the French General Tax Code. It is also offered to members of our Executive Committee and all senior executives whose position is classified within the Sanofi grade scale as "Executive Level 1 or 2". The Chief Executive Officer's entitlement under this plan may be withdrawn by a decision of the Board of Directors, but not retroactively. Under the terms of the plan, Paul Hudson receives an annual contribution the amount of which (subject to attainment of a performance condition) may be up to 25% of his reference compensation (annual fixed and variable cash-based compensation only; all other compensation is excluded). The terms and conditions for payment of the contribution, in particular those related to attainment of a performance condition, are described in Sanofi's 2019 Annual Report on Form 20-F under – Item 6: Directors, Senior Management and Employees – B. Compensation (pages 104 to 125). Because of the date on which he joined Sanofi, Paul Hudson (unlike the previous Chief Executive Officer) did not benefit under the Sanofi top-up defined-benefit pension plan, which fell within the scope of Article L. 137-11 of the French Social Security Code. Consequently, no contingent rights in favor of Paul Hudson were accrued as of December 31, 2019.
Benefits in kind	77,400	N/A	The amount reported for benefits in kind relates to temporary accommodation expenses.
Compensation for serving as a director	N/A	N/A	None

c) Olivier Brandicourt, Chief Executive Officer until August 31, 2019 (19th resolution)

Olivier Brandicourt served as Chief Executive Officer of Sanofi from April 2, 2015 through August 31, 2019. He decided to take retirement effective September 1, 2019.

He never had a contract of employment with Sanofi.

Components of the compensation paid during or awarded in respect of the 2019 financial year to Olivier Brandicourt, Chief Executive Officer until August 31, 2019, and submitted to a shareholder vote for approval

Olivier Brandicourt's compensation for 2019 was determined by the Board of Directors on March 8, 2019, acting on a recommendation from the Compensation Committee and in compliance with the compensation policy for the Chief Executive Officer. The compensation payable to Olivier Brandicourt on leaving office was determined by the Board of Directors on March 4, 2020.

The table below shows the components of the compensation and benefits of all kinds paid or awarded to Olivier Brandicourt for serving as Chief Executive Officer in respect of the period from January 1, 2019 through August 31, 2019, and submitted to you for a vote pursuant to Article L. 225-100 of the French Commercial Code.

Note that some of the compensation elements have already been approved by the ex-post vote taken at the Annual General Meeting of April 30, 2019. These elements are mentioned in blue and italic in the table below.

Components of compensation submitted to a shareholder vote	Amounts paid during the last financial year (€)	Amounts awarded in respect of the last financial year or accounting valuation (€)	Comments
Annual fixed compensation	800,000	N/A	Olivier Brandicourt's gross annual fixed compensation amounted to €1,200,000. That amount remained unchanged from his arrival at Sanofi in 2015. The amount of fixed compensation paid in 2019 was apportioned on a time basis for the period from January 1, 2019 through August 31, 2019, the date on which Olivier Brandicourt left office.
Annual variable compensation	*1,855,000 (1)*	1,161,000 (2)	***(1) Variable compensation in respect of 2018, paid in 2019*** *Amount of the variable compensation owed to Olivier Brandicourt under the fiscal year ended December 31, 2018, whose payment was already approved by the Annual General Meeting of April 30, 2019 in its 10th resolution (ex-post vote).* **(2) Variable compensation in respect of 2019** The gross variable compensation of Olivier Brandicourt was in a potential range between 0 and 250% of his gross annual fixed compensation, with a target of 150%. His variable compensation for 2019 was established on the basis of quantitative and qualitative criteria. These criteria were 40% based on financial indicators (sales growth one-third, business net income two-thirds), and 60% based on specific individual objectives. For 2019, the criteria were: – operational transformation (15%); – pipeline of products (12.5%); – organization and staff relations (10%); – new products (10%); – external growth (7.5%); and – corporate social responsibility (5%). Qualitative criteria account for 30% of the overall variable compensation objectives. Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 4, 2020 reviewed the attainment of each criterion and sub-criterion. The Board's conclusions are summarized in the table presented on page 23. Acting on a recommendation from the Compensation Committee, the Board of Directors meeting of March 4, 2020 set Olivier Brandicourt's variable compensation for 2019 at €1,161,000, equivalent to 145.12% of his fixed annual compensation, apportioned on a time basis for the period from January 1, 2019 through August 31, 2019, the date on which he left office. Payment of his variable compensation in respect of 2019 is subject to approval by the present Annual General Meeting
Multi-year variable compensation	N/A	N/A	None

Components of compensation submitted to a shareholder vote	Amounts paid during the last financial year (€)	Amounts awarded in respect of the last financial year or accounting valuation (€)	Comments
Stock subscription options	N/A	*1,716,000*	*In line with the compensation policy for the Chief Executive Officer as approved by Sanofi shareholders at the Annual General Meeting of April 30, 2019, and acting on the recommendations of the Compensation Committee, the Board of Directors meeting of April 30, 2019 decided to award 220,000 stock subscription options to Olivier Brandicourt in respect of 2019.* *Each stock option granted on April 30, 3019 was valued at €7.80, valuing the total benefit at €1,716,000. Options are valued at the date of grant using the Black & Scholes model, which is the method used in the consolidated financial statements. Using the Black & Scholes model, the valuation of those awards as of April 30, 2019 was equivalent to 3.5 times his fixed compensation.* *The number of stock subscription options awarded to Olivier Brandicourt in 2019 represents 3.53% of the total limit approved by the Annual General Meeting of April 30, 2019 and 0.017% of our share capital at the date of grant.* *His award is contingent upon performance conditions assessed over three financial years, comprising both internal criteria based upon business net income and free cash flow (FCF), and an external criterion based upon total shareholder return (TSR) relative to a benchmark panel of ten of the leading global pharmaceutical companies. In addition to Sanofi, the panel consists of: Astra Zeneca, BMS, Eli Lilly, GSK, Johnson & Johnson, Merck, Novartis, Pfizer, Roche and Bayer.* *The options are unavailable during a year effective from the date on which they vest.* *The award of these stock subscription options to Olivier Brandicourt in respect of the 2019 financial year was approved by the Annual General Meeting of April 30, 2019 (10th resolution).*
Performance shares	N/A	*3,395,000*	*In accordance with the compensation policy for the Chief Executive Officer as approved by the shareholders at the Annual General Meeting of April 30, 2019, and acting on the recommendations of the Compensation Committee, the Board of Directors meeting of April 30, 2019 decided to award 50,000 performance shares to Olivier Brandicourt in respect of 2019.* *Each performance share awarded on May 2, 2018 was valued at €67.90, valuing the total benefit at €3,395,000. Performance shares are valued at the date of grant; the valuation represents the difference between the quoted market price of the share on the date of grant and the aggregate present value of the dividends to be received over the next three years. The valuation of those awards as of April 30, 2019 was equivalent to 3.5 times his fixed compensation.* *The number of performance shares awarded to Olivier Brandicourt in 2019 represents 0.26% of the total limit approved by the Annual General Meeting on April 30, 2019 and 0.004% of the share capital at the date of grant.* *That award is subject to the same conditions as his award of stock subscription options (see above).* *The award of these performance shares to Olivier Brandicourt in respect of the 2019 financial year was approved by Annual General Meeting of April 30, 2019 (10th resolution).*
Exceptional compensation	N/A	N/A	None

Components of compensation submitted to a shareholder vote	Amounts paid during the last financial year (€)	Amounts awarded in respect of the last financial year or accounting valuation (€)	Comments
Top-up defined-benefit pension plan	N/A	174,922	Olivier Brandicourt was covered by the Sanofi top-up defined-benefit pension plan, which fell within the scope of Article L. 137-11 of the French Social Security Code. The plan covered all employees of Sanofi and its French subsidiaries who met the eligibility criteria specified in the plan rules. The Annual General Meeting of our shareholders held on May 4, 2015 approved the section on the pension benefit contained in the auditors' special report on related-party agreements. In compliance with the Order of July 3, 2019 that transposed European Directive 2014/50/EU of April 16, 2014 into French law, that plan has been closed, thereby freezing as of December 31, 2019 the past calculated rights of some beneficiaries. Because Olivier Brandicourt pursued his career in different countries and in different groups, he has not continuously paid into the French compulsory industry schemes. Consequently, he was awarded a deemed ten years of service on taking up office at Sanofi. The Board of Directors, acting on a recommendation from the Compensation Committee, decided at its meeting of February 7, 2017 to apply a performance condition to the vesting of new contingent rights arising under Olivier Brandicourt's top-up pension plan with effect from January 1, 2017. This alteration in pension arrangements was approved at the Annual General Meeting of our shareholders held on May 10, 2017. That performance condition was applied on the following basis: – if the level of attainment for variable compensation was equal to or greater than the target (i.e. 150% of fixed compensation), 100% of the allocated top-up pension rights vested, corresponding to an uplift of 1.5% in the annual reference compensation used to calculate the annuity payable under the plan; – if the level of attainment for variable compensation was less than 100% of fixed compensation, no top-up pension rights vested for the year in question; and – between those two limits, vested rights were calculated on a prorata basis. At a meeting on March 4, 2020, our Board of Directors ascertained whether the performance condition had been met, noting that the level of attainment for Olivier Brandicourt's variable compensation for the 2019 financial year was 96.75%, i.e. 145.12% of his fixed compensation. Taking into account the award of a deemed ten years of service, Olivier Brandicourt had therefore accumulated 14.42 years of service as of August 31, 2019. The reference compensation being limited to 60 times the French social security ceiling (i.e. €2,431,440 in 2019, based on a ceiling of €40,524), the definitive annual amount of his top-up pension is set at €524,766, i.e. 21.5825% of the ceiling. This amount corresponds for 2019 to an uplift of 0.9675% (capped at 1.50%) of the annual reference compensation. The amount that will be due in respect of 2019 is €174,922 gross, amount calculated on a prorata temporis basis for the period from September 1, 2019 to December 31, 2019. Olivier Brandicourt took his pension rights at the full rate, and has been officially notified by the Caisse Nationale d'Assurance Vieillesse that he has been granted a personal pension with effect from September 1, 2019. Olivier Brandicourt could then take his rights under the Sanofi top-up defined-benefit pension plan. Based on the information received, the total amount of the annuities due under those pension plans does not exceed the cap of 52% of reference compensation. Because the performance condition for the vesting of his contingent pension rights is linked to the attainment level for his variable compensation in respect of the 2019 financial year, payment of that amount is contingent on approval by the present General Meeting.

Components of compensation submitted to a shareholder vote	Amounts paid during the last financial year (€)	Amounts awarded in respect of the last financial year or accounting valuation (€)	Comments
Termination benefit	No payment made	N/A	Olivier Brandicourt was entitled to a termination benefit that only became payable if his departure from office as Chief Executive Officer was forced, i.e. in the event of removal from office or resignation linked to a change in strategy or control of the Company, and was subject to fulfillment of a performance condition. In line with the compensation policy for the Chief Executive Officer, because Olivier Brandicourt's pension rights have been paid he was not awarded any termination benefit.
Non-compete indemnity	No payment made	N/A	In the event of his departure from the Company, Olivier Brandicourt undertook not to join a competitor of the Company as an employee or corporate officer, or to provide services to or cooperate with such a competitor, during a 12-month period following his departure. In line with the compensation policy for the Chief Executive Officer, because Olivier Brandicourt's pension rights have been paid he was not awarded any non-compete indemnity.
Compensation for serving as a director	N/A	N/A	None

Olivier Brandicourt – Annual variable compensation in respect of 2019 – Attainment level of each criterion

The Board of Directors meeting of March 4, 2020 reviewed the attainment level of each criterion and sub-criterion. The Board's conclusions are summarized in the table below.

	Criterion	Type	Weight	Target/maximum (as% of fixed compensation)	Assessment	Comments	Payout (as% of fixed compensation)
Financial Objectives (40%)	Sales	Quantitative	13.3%	19.95%/33.25%	Below target	Confidential target	144.39
	Business net income[a]	Quantitative	26.7%	40.05%/66.75%	Above target		157.80
Individual Objectives (60%)	Operational transformation	Qualitative	15%	22.5%/37.5%	On target	Transformation initiatives in line with the objectives	
	Pipeline of products	Qualitative	12.5%	18.75%/31.25%	Above target	Progress in the pipeline above objectives	
	Organization and staff relations	Qualitative	10%	15%/25%	Below target	Results below objectives	139.65
	New products	Quantitative	10%	15%/25%	On target	Good performance of Dupixent® Insufficient performance of Eloctate® and Praluent®	
	External growth	Quantitative	7.5%	11.25%/18.75%	Below target	Insufficient performance of partnerships and acquisitions	
	CSR	Qualitative	5%	7.5%/12.5%	Below target	Insufficient progress	
Total			**100%**	**150%/250%**			**145.125[b]**

(a) For a definition, see " Item 5 – Operating and Financial Review and Prospects – Business Net Income" of our 2019 Annual Report on Form 20-F.
(b) Calculated by applying the weighting between financial objectives (40%) and individual objectives (60%).

Share Repurchase Program

(20th resolution)

The Board of Directors proposes, in accordance with Articles L. 225-209 et seq of the French Commercial Code, that you renew the authorization to repurchase the Company's own shares granted to the Board of Directors at the Annual General Meetings of May 2, 2018 and April 30, 2019.

In 2019, the Company used those authorizations to repurchase its own shares directly on the market, acquiring 272,383 shares at a weighted average price of €76.97 per share, i.e. a total cost of €21 million. Brokerage fees and financial transactions tax (net of corporate income taxes) amounted to €0.03 million. The Company did not use derivatives to repurchase its own shares.
In addition, Rothschild & Cie Banque purchased 124,590 shares under the liquidity contract for a total of €9,262,734.40 (i.e. a weighted average price of €74.346 per share), and sold 124,590 shares for a total of €9,275,734.60 (i.e. a weighted average price of €74.45 per share).

Under the new authorization submitted for your approval, the Company could repurchase its own shares up to the statutory limit of 10% of its share capital at the date of repurchase (i.e. 125,384,611 shares as of December 31, 2019), and the maximum number of treasury shares held after any repurchases could not under any circumstances exceed 10% of the Company's share capital.

The maximum price for repurchases would be €150 per share. It would not be possible to use this authorization in the event of a public tender offer for Sanofi's shares, and its validity would be limited to a period of 18 months.

The objectives of the repurchase program that would be implemented pursuant to this authorization are limited by law, and are described in detail in the resolution. Sanofi would be able to repurchase shares itself or through an intermediary. Information about share repurchases is disclosed regularly on our corporate website (www.sanofi.com).

Powers

(21st resolution)

The 21st resolution is a standard resolution to allow for filings and other legal formalities.

The Board of Directors proposes that you grant powers for the accomplishment of legal formalities required further to the General Meeting.

If you agree with the Board's proposals, please approve the resolutions as submitted for your vote.

The Board of Directors

Current composition of the Board of Directors

Serge Weinberg
Chairman of the Board of Directors

Paul Hudson
Chief Executive Officer

Laurent Attal
Director

Emmanuel Babeau
Independent Director

Christophe Babule
Director

Bernard Charlès
Independent Director

Claudie Haigneré
Independent Director

Patrick Kron
Independent Director

Fabienne Lecorvaisier
Independent Director

Melanie Lee
Independent Director

Suet-Fern Lee
Independent Director

Marion Palme
Director representing employees

Carole Piwnica
Independent Director

Christian Senectaire
Director representing employees

Diane Souza
Independent Director

Thomas Südhof
Independent Director

Information about Directors

Co-opted director whose appointment is submitted for ratification by the General meeting[1]

Paul Hudson

Date of birth:	October 14, 1967 (aged 52)
Nationality:	British
First elected:	September 2019
Last reappointment:	
Term expires:	2022
Business address:	Sanofi – 54, rue La Boétie – 75008 Paris – France

Directorships and appointments of Paul Hudson

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	• Chief Executive Officer of Sanofi* – Chairman of the Executive Committee of Sanofi – Director of Sanofi – Member of the Strategy Committee of Sanofi	**In French companies** None
	None	**In foreign companies** None
Past directorships expiring within the last five years	None	**In French companies** None
	None	**In foreign companies** None

Education and professional experience

- Degree in economics from Manchester Metropolitan University, UK
- Diploma in marketing from the Chartered Institute of Marketing, UK
- Honorary Doctorate in Business Administration, Manchester Metropolitan University, UK

From September 1, 2019	**Chief Executive Officer of Sanofi***
2016-2019	CEO of Novartis Pharmaceuticals, member of Executive Committee
2006-2016	Various operational and managerial positions at AstraZeneca (including President, AstraZeneca US; Executive Vice President, North America; and Representative Director & President, AstraZeneca KK, Japan, President of AstraZeneca Spain, and Vice-President and head of Primary Care United-Kingdom); Various operational and managerial positions at Schering-Plough, including Head of Global Marketing for biologicals.
Before 2016	Various sales and marketing positions at GlaxoSmithKline UK and Sanofi-Synthélabo UK

Number of shares held

5,600 shares

(1) Positions held in listed companies are flagged by an asterisk. Each person's principal position is indicated in bold.

Serving directors whose reappointment is submitted for approval by the General meeting

Laurent Attal

Date of birth:	February 11, 1958 (aged 62)
Nationality:	French
First appointed:	May 2012
Last reappointment:	May 2016
Term expires:	2020
Business address:	Sanofi – 54, rue La Boétie – 75008 Paris – France

Directorships and appointments of Laurent Attal

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	• Director of Sanofi* – Member of the Strategy Committee of Sanofi – Member of the Scientific Committee of Sanofi	**In French companies** • Director of *Fondation d'Entreprise L'Oréal*
	None	**In foreign companies** None
Past directorships expiring within the last five years	None	**In French companies** None
	None	**In foreign companies** None

Education and professional experience

- Doctor of medicine, dermatologist
- MBA from INSEAD (*Institut Européen d'Administration des Affaires*)

Since 2010	**Executive Vice-President, Research and Innovation at L'Oréal***
Since 1986	Various positions within the L'Oréal* Group, including posts within the Active Cosmetics Division and as President and Chief Executive Officer of L'Oréal USA (United States)
Since 2002	Member of the Executive Committee of L'Oréal*

Number of shares held

1,000 shares

Carole Piwnica

Date of birth:	February 12, 1958 (aged 62)
Nationality:	Belgian
First appointed:	December 2010
Last reappointment:	May 2016
Term expires:	2020
Business address:	Sanofi – 54, rue La Boétie – 75008 Paris – France

Directorships and appointments of Carole Piwnica

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	• Independent director of Sanofi* – Member of the Audit Committee of Sanofi (until April 2018) – Member of the Compensation Committee of Sanofi (since 2019)	**In French companies** • Rothschild & Co*: – Independent member of the Supervisory Board and of the Remuneration & Nomination Committee
	None	**In foreign companies** • Managing partner of Naxos S.A. (Switzerland) • Chairman of Arianna S.A. (Luxembourg) • Director of Amyris Inc* (United States)
Past directorships expiring within the last five years	None	**In French companies** • Rothschild & Co*: – Member of the Remuneration Committee • Eutelsat Communications*: – Independent director – Chairwoman of the Nomination and Governance Committee
	None	**In foreign companies** • Director of Louis Delhaize* (Belgium), RecyCoal Ltd. (United Kingdom) and Big Red (United States) • Director of Naxos UK Ltd (United Kingdom) • Director of Elevance (United States) and i2O (United Kingdom)

Education and professional experience

- Degree in law, *Université Libre de Bruxelles*
- Master of Laws, New York University
- Admitted to the Bar in Paris and New York

Since 2018	**Managing Partner of Naxos S.A. (Switzerland)**
1985-1991	Attorney at Proskauer, Rose (New York) and Shearman & Sterling (Paris) with practice in mergers and acquisitions
1991-1994	General Counsel of Gardini & Associés
1994-2000	Chief Executive Officer of Amylum France, then Chairwoman of Amylum Group
1998-2004	Director of Spadel (Belgium)
1996-2006	Director of Tate & Lyle Plc (United Kingdom)
1996-2006	Chairwoman of the Liaison Committee and director of the *Confédération Européenne des Industries Agro-Alimentaires* (CIAA)
2000-2006	Director and Vice-Chairwoman of Tate & Lyle Plc for Governmental Affairs (United Kingdom)
2000-2006	Chairwoman of the Export Commission and director of the *Association Nationale des Industries Alimentaires* (ANIA)
2006-2009	Member of the Ethical Committee of Monsanto* (United States)
1996-2010	Director of Toepfer GmbH (Germany)
2007-2010	Director of Dairy Crest Plc* (United Kingdom)
2003-2011	Director, Chairwoman of the Corporate Responsibility Committee and member of the Compensation Committee of Aviva Plc* (United Kingdom)
2007- 2018	Founder Director of Naxos UK Ltd (United Kingdom)

Number of shares held

1,000 shares

Diane Souza

Date of birth:	July 3, 1952 (aged 67)
Nationality:	American
First elected:	May 2016
Term expires:	2020
Business address:	Sanofi – 54, rue La Boétie – 75008 Paris – France

Directorships and appointments of Diane Souza

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	• Independent director of Sanofi – Member of the Compensation Committee of Sanofi (since May 2016) – Member of the Audit Committee of Sanofi (since May 2018)	**In French companies** None
	None	**In foreign companies** • Amica Insurance Companies (United States) – Member of the Board of Directors – Member of the Compensation Committee
Past directorships expiring within the last five years	None	**In French companies** None
	None	**In foreign companies** • UnitedHealth Group: – Member of the Board of Directors of Unimerica Insurance Company, Unimerica Life Insurance Company of New York, National Pacific Dental, Inc., Nevada Pacific Dental, DBP Services of New York, IPA, Dental Benefits Providers of California, Inc., Dental Benefit Providers of Illinois, Inc., Dental Benefit Providers, Inc., Spectera, Inc. and Spectera of New York, IPA, Inc. United States • Member of the Board of Directors of Farm Credit East (United States)

Education and professional experience

- Degree in Accounting from University of Massachusetts
- Honorary doctorate in Business Administration from University of Massachusetts Dartmouth
- Certified Public Accountant
- Diploma in Dental Hygiene from Northeastern University, Forsyth School for Dental Hygienists

1979	Audit Staff Accountant at Price Waterhouse (United States)
1980-1988	Various positions at Deloitte Haskins & Sells, from Audit Staff Accountant to Senior Tax Manager-in-Charge (United States)
1988-1994	Various positions at Price Waterhouse from Audit Staff Accountant to Head of the Northeast Insurance Tax Region (United States)
1994-2006	Various positions at Aetna Inc. including Deputy Vice President Federal and State Taxes; Vice President and Chief Financial Officer, Large Case Pensions; Vice President and Head of Global Internal Audit Services; Vice President, National Customer Operations; and finally Vice President, Strategic Systems & Processes (United States)
2007-2008	Principal consultant at Strategic Business Solutions, LLC (United States)
2008-2014	Chief Operating Officer of OptumHealth Specialty Benefits (2008), then Chief Executive Officer of United Healthcare Specialty Benefits (United States)

Number of shares held

2,209 American Depositary Receipts, equivalent to 1,104 shares

Thomas C. Südhof

Date of birth:	December 22, 1955 (aged 64)
Nationality:	German and American
First elected:	May 2016
Term expires:	2020
Business address:	Sanofi – 54, rue La Boétie – 75008 Paris – France

Directorships and appointments of Thomas C. Südhof

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	• Independent director of Sanofi* – Chairman of the Scientific Committee of Sanofi	**In French companies** None
	None	**In foreign companies** None
Past directorships expiring within the last five years	None	**In French companies** None
	None	**In foreign companies** • Independent director of Abide Therapeutics (United States) (since 2019)

Education and professional experience

- Degree in medicine from the Faculty of Medicine of the University of Göttingen (Germany)
- Bernard Katz Prize of the Biophysical Society, jointly with Reinhard Jahn (2008)
- Nobel Prize for Physiology or Medicine, jointly with James Rothman and Randy Shekman (2013)
- Albert Lasker Prize for Basic Medical Research, jointly with Richard Sheller (2013)

Since 2008	**Avram Goldstein Professor of Molecular & Cellular Physiology, Neurosurgery, Psychiatry, and Neurology Department in the School of Medicine at Stanford University (United States)**
1978-1981	Research assistant at the Max Planck Institute for Biophysical Chemistry (Germany)
1979	Student on exchange clerkship program at Harvard Medical School (United States)
1981-1982	Intern at the University Hospital of Göttingen (Germany)
1983-1986	Postdoctoral Fellow, Dept. of Molecular Genetics, UT Southwestern Medical School (USA)
1986-2008	Professor and subsequently Chair of the Neuroscience Department at the University of Texas Southwestern Medical School (United States)
2011-2019	Co-founder and member of the Scientific Advisory Board of Circuit Therapeutics, Inc. (United States)
2013-2016	Member of the Review Board of Genentech Neuroscience (United States)
2014-2017	Co-founder and member of the Scientific Advisory Board of Bluenobel, Inc. (China)
2014-2018	Member of the Scientific Advisory Board of the Singapore National Research Foundation (Singapore)
2014-2018	Member of the Scientific Advisory Board of the Chinese Academy Institute of Biophysics (China)
2014-2018	Member of the Scientific Advisory Committee of the Institute of Cellular and Molecular Biology of A*Star (China)
2017-2018	Member of the Scientific Advisory Board of Abide (USA)
Since 1986	Investigator at the Howard Hughes Medical Institute (United States)
Since 2002	Co-founder and member of the Scientific Advisory Board of REATA Pharmaceuticals (United States)
Since 2013	Member of the Scientific Advisory Board of the Shemyakin-Ovchinnikov Institute of Bio-Organic Chemistry (Russia)
Since 2014	Member of the Scientific Advisory Board of Elysium, Inc. (United States)
Since 2016	Member of the Scientific Advisory Board of Simcere, Inc. China
Since 2017	Member of the Scientific Advisory Board of the Chinese Academy of Sciences Institute of Guangzhou (China)
Since 2017	Member of the Scientific Advisory Board of C-Bridge Everest Medical (China)
Since 2017	Member of the Scientific Advisory Board of Cytodel, Inc. (United States)
Since 2017	Co-founder and member of the Scientific Advisory Board of Neucyte, Inc. (United States)
Since 2018	Member of the Scientific Advisory Board of Alector, Inc. (United States)
Since 2018	Chairman of the Scientific Advisory Board of Capital Medical University, Beijing (China)
Since 2019	Advisor, Camden Venture Partners

Number of shares held

2,272 American Depositary Receipts, equivalent to 1,136 shares

Directors whose appointment is submitted for approval by the General meeting

Rachel Duan

Date of birth:	July 25, 1970 (aged 49)
Nationality:	Chinese
First appointed:	April 2020
Term expires:	2024
Business address:	Sanofi – 54, rue La Boétie – 75008 Paris – France

Directorships and appointments of Rachel Duan

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	None	**In French companies** • Independent director of AXA* **In foreign companies** • Director of INED
Past directorships expiring within the last five years	None	**In French companies** None **In foreign companies** None

Education and professional experience

- MBA, University of Wisconsin-Madison (United States)
- Bachelor's degree in economics and international business, Shanghai International Studies University (China)

Since 2019 **Senior Vice President of GE* (United States) and President & CEO of GE Global Markets (China)**
Before 2019 Various positions within the GE group in China and Japan, including the Corporate Audit Staff, management positions at Lean Six Sigma, functions in sales and marketing at GE Plastics in China and the Asia-Pacific region. Rachel Duan has also been President & CEO of GE Advanced Materials China, and then of the Asia Pacific region, President & CEO of GE Healthcare China and President & CEO of GE China.

Lise Kingo

Date of birth:	August 3, 1961 (aged 58)
Nationality:	Danish
First appointed:	April 2020
Last reappointment:	2024
Business address:	Sanofi – 54, rue La Boétie – 75008 Paris – France

Directorships and appointments of Lise Kingo

	Within the Sanofi Group	Outside the Sanofi Group
Current directorships and appointments	None	**In French companies** None **In foreign companies** None
Past directorships expiring within the last five years	None	**In French companies** None **In foreign companies** • Director of Grieg Star Shipping (Norway) • Director of C3 Health (United Kingdom)

Education and professional experience

- Bachelor's degree in Religions and Ancient Greek Art, University of Aarhus (Denmark)
- Bachelor's degree in Marketing and Economics, Copenhagen Business School (Denmark)
- Master's degree in Responsibility & Business, University of Bath (United-Kingdom)
- Director Certification, INSEAD (France)

Since 2015	**Chief Executive Officer & Executive Director, United Nations Global Compact (United States)[1]** Lise Kingo is also Director of the Danish Foundation for Nature Preservation (Denmark), Member of the advisory board "Scale for Good" of TESCO* (United-Kingdom), Chairman of the Danish Council for Corporate Social Responsibility (Denmark)
1986 – 1988	Project Coordinator, JP Bureau (Denmark)
1988 – 1999	Various positions at Novozymes (Denmark) including Promotion Coordinator, Director, Environmental Services, Director, Corporate Environmental Affairs, Corporate Vice President & Director, Corporate Environmental Affairs)
1995 – 2006	Member of HRH Prince of Wales Cambridge University Advisory Board for Sustainability Leadership (United Kingdom)
1999 – 2014	Various positions at Novo Nordisk (Denmark) including Senior Vice President, Stakeholder Relations et Executive Vice President, Corporate Relations & Chief of Staff
2005 – 2009	Board Member et Deputy Chairman, GN Store Nord (Denmark)
2006 – 2015	Professor, Medical Faculty, Sustainability & Innovation, Vrije Universiteit Amsterdam, (Netherlands)
2010 – 2014	President, Steno Diabetes Center (Denmark)

(1) Lise Kingo declared that she will be stepping down from this post in June 2020. Assuming election to the Board, she will not sit at Board meetings until she has separated from the United Nations.

Proposed resolutions

Ordinary business

First resolution

Approval of the individual company financial statements for the year ended December 31, 2019

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the reports of the Board of Directors and of the Statutory Auditors, approves as presented the individual company financial statements for the year ended December 31, 2019 comprising the balance sheet, the income statement and the notes thereto, as well as the transactions reflected in those financial statements and summarized in those reports, showing a loss of €4,511,159,363.19.

Pursuant to Article 223 *quater* of the French General Tax Code, the General Meeting approves those expenses and charges that are non-deductible for tax purposes under Article 39.4 of said Code and which amount to €57,303.31 for the year ended December 31, 2019, as well as the tax incurred on the basis of those expenses and charges, which amounts to €19,731.44.

Second resolution

Approval of the consolidated financial statements for the year ended December 31, 2019

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the reports of the Board of Directors and of the Statutory Auditors, approves as presented the consolidated financial statements for the year ended December 31, 2019 comprising the balance sheet, the income statement and the notes thereto, as well as the transactions reflected in those financial statements and summarized in those reports, showing a profit of €2,837,478,172.29.

Third resolution

Appropriation of results for the year ended December 31, 2019 and declaration of dividend

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the reports of the Board of Directors and of the Statutory Auditors, notes that the financial statements for the year ended December 31, 2019 as approved by this Meeting show a loss for the year ended December 31, 2019 of €4,511,159,363.19 and that, after retained earnings brought forward of €30,650,859,825.26, distributable profits amount to €26,139,700,462.07.

The General Meeting, acting on a proposal from the Board of Directors, resolves to appropriate the results for the year ended 31 December 2019 as follows:

Loss for the 2019 financial year		-€4,511,159,363.19
Retained earnings brought forward	(+)	€30,650,859,825.26
Appropriation to the legal reserve		-[a]
Distributable profits	**(=)**	**€26,139,700,462.07**
To be appropriated as follows:		
To the payment of dividends		€3,949,553,884.50[b]
To be carried forward as retained earnings		€22,190,146,577.57

(a) The amount of the legal reserve having reached 10% of the share capital, no appropriation to that reserve is proposed.

(b) The total amount of the dividend distribution shown above is calculated on the basis of the number of shares entitled to dividend as of December 31, 2019, i.e. 1,253,826,630, and may change if the number of shares entitled to dividend changes between January 1, 2020 and the dividend ex-date, in particular as a result of changes in the number of treasury shares, the vesting of consideration-free shares and the exercise of stock options (if the beneficiary is entitled to dividend under the rules of the relevant plan).

Consequently, the General Meeting resolves to pay a dividend of €3.15 per share, i.e. €3,949,553,884.50, the balance being carried forward as retained earnings.

When paid to individual shareholders resident in France for tax purposes, the dividend is liable to income tax at a standard flat rate (*prélèvement forfaitaire unique* or PFU) of 12.8%. However, shareholders may elect to be liable for tax on the progressive income tax scale. If they do, their dividend is eligible for the 40% tax relief available under Article 158-3-2 of the French General Tax Code. The General Meeting notes that the dividends paid out in respect of the past three financial years and those eligible for the 40% tax relief are as follows:

Financial year	Number of shares carrying dividend rights	Dividend per share	Revenues distributed	
			Eligible for the 40% tax relief mentioned in Article 158.3.2 of the General Tax Code	Not eligible for the 40% tax relief mentioned in Article 158.3.2 of the General Tax Code
2016	1,253,526,410	€2.96	€2.96	€0
2017	1,245,338,135	€3.03[a]	€3.03[a]	€3.03[b]
2018	1,248,983,087	€3.07[a]	€3.07[a]	€3.07[b]

(a) In accordance with article 243 bis of the French General Tax Code, the full amount of the proposed dividend is eligible for the tax relief specified in Article 158-3-2 of that code to which natural persons resident in France for tax purposes are entitled on condition that they have elected the global option for taxation on the progressive income tax scale specified in paragraph 2 of Article 200A of that Code.

(b) For natural persons who have not elected the progressive income tax scale.

The ex-date for this dividend on Euronext Paris will be May 4, 2020 and the payment date will be May 6, 2020.

If on the payment date the number of shares carrying dividend rights in respect of the year ended December 31, 2019 were to be lower than the maximum number of shares potentially entitled to dividend indicated above, the profits corresponding to the dividend not distributed in respect of those shares would be appropriated to retained earnings.

Fourth resolution

Approval of regulated agreements and commitments falling within the scope of Articles L. 225-38 *et seq* of the French Commercial Code

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Board of Directors' Report and the Statutory Auditors' Special Report on regulated agreements and commitments falling within the scope of Articles L. 225-38 *et seq* of the French Commercial Code, approves that report and the agreements and commitments described therein.

Fifth resolution

Ratification of the co-opting of Paul Hudson as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Board of Directors' report, ratifies the co-opting, in accordance with Article L. 225-24 of the French Commercial Code, of Paul Hudson as a Director, effective from October 30, 2019, for the remainder of his predecessor's term of office, expiring at the close of the Ordinary General Meeting called in 2022 to approve the financial statements for the year ending December 31, 2021.

Sixth resolution

Reappointment of Laurent Attal as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Board of Directors' report, notes that the term of office of Laurent Attal as a Director expires this day and resolves to reappoint him as a Director for a four-year term of office as stipulated in the Articles of Association, to expire at the close of the Ordinary General Meeting called in 2024 to approve the financial statements for the year ending December 31, 2023.

Seventh resolution

Reappointment of Carole Piwnica as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Board of Directors' report, notes that the term of office of Carole Piwnica as a Director expires this day and resolves to reappoint her as a Director for a four-year term of office as stipulated in the Articles of Association, to expire at the close of the Ordinary General Meeting called in 2024 to approve the financial statements for the year ending December 31, 2023.

Eighth resolution

Reappointment of Diane Souza as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Board of Directors' report, notes that the term of office of Diane Souza as a Director expires this day and resolves to reappoint her as a Director for a four-year term of office as stipulated in the Articles of Association, to expire at the close of the Ordinary General Meeting called in 2024 to approve the financial statements for the year ending December 31, 2023.

Ninth resolution

Reappointment of Thomas Südhof as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Board of Directors' report, notes that the term of office of Thomas Südhof as a Director expires this day and resolves to reappoint him as a Director for a four-year term of office as stipulated in the Articles of Association, to expire at the close of the Ordinary General Meeting called in 2024 to approve the financial statements for the year ending December 31, 2023.

Tenth resolution

Appointment of Rachel Duan as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Board of Directors' report and noting the resignation of Suet-Fern Lee as a Director, appoints Rachel Duan as a Director for a four-year term of office as stipulated in the Articles of Association, to expire at the close of the Ordinary General Meeting called in 2024 to approve the financial statements for the year ending December 31, 2023.

Eleventh resolution

Appointment of Lise Kingo as a Director

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Board of Directors' report and noting that the term of office of Claudie Haigneré expires this day and will not be renewed, appoints Lise Kingo as a Director for a four-year term of office as stipulated in the Articles of Association, to expire at the close of the Ordinary General Meeting called in 2024 to approve the financial statements for the year ending December 31, 2023.

Twelfth resolution

Determination of the compensation amount for the Board of Directors

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the Board of Directors' report, sets at 2,000,000 euros the maximum annual amount to be paid to the Board of Directors as a compensation until it is decided otherwise.

Thirteenth resolution

Approval of the compensation policy for Directors

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the report on corporate governance of the Board of Directors, approves in accordance with Article L. 225-37-2 of the French Commercial Code the compensation policy for Directors, as presented in that report (in the 2019 *Document d'enregistrement universel,* Chapter 1, Section 1.2 *Gouvernement d'entreprise,* sub-section 5 *Rémunérations,* 5.A. *Rémunérations et engagements pris au bénéfice des mandataires sociaux,* 5.A.A. *Politique de rémunération des mandataires sociaux,* paragraph 1 *Politique de rémunération des administrateurs*)[1].

Fourteenth resolution

Approval of the compensation policy for the Chairman of the Board of Directors

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the report on corporate governance of the Board of Directors, approves in accordance with Article L. 225-37-2 of the French Commercial Code the compensation policy for the Chairman of the Board of Directors, as presented in that report (in the 2019 *Document d'enregistrement universel,* Chapter 1, Section 1.2 *Gouvernement d'entreprise,* sub-section 5 *Rémunérations,* 5.A. *Rémunérations et engagements pris au bénéfice des mandataires sociaux,* 5.A.A. *Politique de rémunération des mandataires sociaux,* paragraph 2 *Politique de rémunération du Président du Conseil d'administration*)[1].

(1) Available in French only. The English-language equivalent of this report is contained in "Item 6.B – Compensation" of Sanofi's 2019 Annual Report on Form 20-F (refer to section entitled "Compensation policy for directors").

Fifteenth resolution

Approval of the compensation policy for the Chief Executive Officer

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, having reviewed the report on corporate governance of the Board of Directors, approves in accordance with Article L. 225-37-2 of the French Commercial Code the compensation policy for the Chief Executive Officer, as presented in that report (in the 2019 *Document d'enregistrement universel*, Chapter 1, Section 1.2 *Gouvernement d'entreprise*, sub-section 5 *Rémunérations*, 5.A. *Rémunérations et engagements* pris au bénéfice des mandataires sociaux, 5.A.A. *Politique de rémunération des mandataires sociaux*, paragraph 3 *Politique de rémunération du Directeur Général*)[1].

Sixteenth resolution

Approval of the report on the compensation of corporate officers issued in accordance with Article L. 225-37-3 I. of the French Commercial Code

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, in accordance with Part II of Article L. 225-100 of the French Commercial Code, approves the report on the compensation of corporate officers containing the information specified in Part I of Article L. 225-37-3 as presented in the report on the corporate governance of the Company under Article L. 225-37 of that Code (in the 2019 *Document d'enregistrement universel*, Chapter 1, section 1.2 *Gouvernement d'entreprise*, sub-section 5 *Rémunérations*, 5.A. *Rémunérations et engagements pris au bénéfice des mandataires sociaux*, 5.A.B. *Eléments de rémunération et avantages de toute nature versés au cours ou attribués au titre de 2019 aux mandataires sociaux*)[1].

Seventeenth resolution

Approval of the components of the compensation paid or awarded in respect of the year ended 31 December 2019 to Serge Weinberg, Chairman of the Board

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, in accordance with Part III of Article L. 225-100 of the French Commercial Code, approves the fixed, variable and exceptional components of the total compensation and benefits of whatever kind paid in respect of the previous financial year or awarded in respect of that year to Serge Weinberg in his capacity as Chairman of the Board of Directors, as presented in the report on the corporate governance of the Company referred to in Article L. 225-37 of that Code (2019 *Document d'enregistrement universel*, chapter 1, section 1.2 *Gouvernement d'entreprise*, sub-section 5 *Rémunérations*, 5.A. *Rémunérations et engagements pris au bénéfice des mandataires sociaux*, 5.A.B. E*léments de rémunération et avantages de toute nature versés au cours ou attribués au titre de 2019 aux mandataires sociaux*)[1].

Eighteenth resolution

Approval of the components of the compensation paid or awarded in respect of the year ended 31 December 2019 to Paul Hudson, Chief Executive Officer from September 1, 2019

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, in accordance with Part III of Article L. 225-100 of the French Commercial Code, approves the fixed, variable and exceptional components comprising the total compensation and benefits of whatever kind paid in respect of the previous financial year or awarded in respect of that year to Paul Hudson in his capacity as Chief Executive Officer, as presented in the report on the corporate governance of the Company referred to in Article L. 225-37 of that Code (2019 *Document d'enregistrement universel*, chapter 1, section 1.2 *Gouvernement d'entreprise*, sub-section 5 *Rémunérations*, 5.A. *Rémunérations et engagements pris au bénéfice des mandataires sociaux*, 5.A.B. *Eléments de rémunération et avantages de toute nature versés au cours ou attribués au titre de 2019 aux mandataires sociaux*)[1].

(1) Available in French only. The English-language equivalent of this report is contained in "Item 6.B – Compensation" of Sanofi's 2019 Annual Report on Form 20-F (refer to section entitled "Compensation policy for the Chief Executive Officer").

Nineteenth resolution

Approval of the components of the compensation paid or awarded in respect of the year ended 31 December 2019 to Olivier Brandicourt, Chief Executive Officer until August 31, 2019

The General Meeting, voting on the quorum and majority conditions for Ordinary General Meetings, in accordance with Part III of Article L. 225-100 of the French Commercial Code, approves the fixed, variable and exceptional components comprising the total compensation and benefits of whatever kind paid in respect of the previous financial year or awarded in respect of that year to Olivier Brandicourt, as presented in the report on the corporate governance of the Company referred to in Article L. 225-37 of that Code (2019 *Document d'enregistrement universel*, chapter 1, section 1.2 *Gouvernement d'entreprise*, sub-section 5 *Rémunérations*, 5.A. *Rémunérations et engagements pris au bénéfice des mandataires sociaux*, 5.A.B. *Eléments de rémunération et avantages de toute nature versés au cours ou attribués au titre de 2019 aux mandataires sociaux*)[1].

Twentieth resolution

Authorization to the Board of Directors to carry out transactions in the Company's shares (usable outside the period of a public tender offer)

The General Meeting, voting on the quorum and majority conditions for Ordinary Meetings, having reviewed the Board of Directors' Report and the information contained in the description of the program prepared in accordance with Articles 241-1 *et seq* of the General Regulation of the *Autorité des Marchés Financiers*, authorizes the Board of Directors, with powers to subdelegate within the law, in accordance with (i) Articles L. 225-209 *et seq* of the French Commercial Code, (ii) European Regulation (EU) no 596/2014 of April 16, 2014 on market abuse and (iii) the General Regulation of the *Autorité des Marchés Financiers*, to purchase, arrange for the purchase of, or sell shares in the Company, with a view to:

- the implementation of any Company stock option plan under the terms of Articles L. 225-177 *et seq* of the French Commercial Code or any similar plan; or
- the allotment or sale of shares to employees under the French statutory profit-sharing scheme or the implementation of any entity or group (or similar) savings plan on the conditions stipulated by law, in particular Articles L. 3332-1 *et seq* of the French Labor Code, including via a consideration-free allotment of such shares by way of top-up employer's contribution and/or in substitution for discount, in accordance with the relevant laws and regulations; or
- the consideration-free allotment of shares under the terms of Articles L. 225-197-1 *et seq* of the French Commercial Code; or
- generally, the honoring of obligations relating to stock option programs or other share allotments to employees or corporate officers of the Company or of an associated entity; or
- the delivery of shares on the exercise of rights attached to securities giving access to the share capital by redemption, conversion, exchange, presentation of a warrant or any other means; or
- the cancellation of some or all of the shares purchased; or
- the delivery of shares (in exchange, as payment, or otherwise) in connection with acquisitions, mergers, demergers or asset-for-share exchanges; or
- market-making in the secondary market or maintenance of the liquidity of Sanofi shares by an investment services provider under a liquidity contract that complies with the ethical code recognized by the *Autorité des Marchés Financiers*.

This program is also intended to allow the Company to trade in its own shares on or off market in connection with any other objective authorized by applicable regulations or any other market practice that is accepted or may be authorized at the date of the transaction in question. In such cases, the Company will inform its shareholders by means of a press release.

Purchases of the Company's own shares may be made such that:

- the number of shares acquired by the Company during the repurchase program may not exceed 10% of the shares which constitute the then share capital of the Company, such percentage being applied to a share capital figure adjusted to reflect transactions affecting the share capital subsequent to the present General Meeting (as an indication, 125,384,611 shares as at December 31, 2019), it being stipulated that (i) the number of shares acquired with a view to their retention and future delivery in connection with a merger, demerger or asset-for-share exchange may not exceed 5% of the Company's share capital; and (ii) where the shares are repurchased to improve the liquidity of Sanofi shares on the conditions specified by the Autorité des Marchés Financiers, the number of shares taken into account in calculating the 10% limit mentioned above will be the number of shares purchased minus the number of shares resold during the period of the authorization;
- the number of own shares held by the Company at any time may not exceed 10% of the shares which constitute the share capital of the Company on the date in question.

(1) Available in French only. The English-language equivalent of this report is contained in "Item 6.B – Compensation" of Sanofi's 2019 Annual Report on Form 20-F (refer to section entitled "Compensation and benefits of all kinds paid during 2019 or awarded in respect of 2019 to corporate officers").

Acquisitions, sales, exchanges and transfers of shares may be made at any time, other than during the period of a public tender offer for the Company's shares, subject to the limits authorized by the laws and regulations in force, on one or more occasions and by any means, on regulated markets or via a multilateral trading facility or a systematic internalizer or over the counter, including by block purchases or sales (with no limit on the portion of the share repurchase program that can be carried out by this means), by public cash offer or public exchange offer or by the use of options or other derivative forward financial instruments or by the implementation of option-based strategies or by delivery of shares arising from the issuance of securities giving access to the Company's share capital by conversion, exchange, redemption, presentation of a warrant or any other means, either directly or indirectly through a third party acting on the Company's behalf under the conditions specified in Article L. 225-206 of the French Commercial Code.

The maximum purchase price of shares under the present resolution will be 150 euros per share, excluding acquisition-related costs (or the equivalent value of this amount as at the same date in any other currency or currency unit established by reference to more than one currency).

The General Meeting delegates to the Board of Directors powers to adjust the aforementioned maximum purchase price in the event of a change in the par value of the share, increase in share capital by incorporation of reserves, consideration-free allotment of shares, stock split or reverse stock split, distribution of reserves or of any other assets, redemption of share capital, or any other transaction affecting shareholders' equity, so as to take account of the impact of such transactions on the value of the shares.

The total amount allocated to the share repurchase program authorized above may not exceed 18,807,691,650 euros, excluding acquisition-related costs (or the equivalent value of this amount as at the same date in any other currency or currency unit established by reference to more than one currency).

Shares repurchased and retained by the Company will be stripped of voting rights and will not be entitled to receive dividend.

The General Meeting confers full powers on the Board of Directors, with powers to subdelegate within the law, to decide on andimplement the present authorization and if necessary to specify the conditions and determine the terms thereof, to implement the share repurchase program, and in particular to place stock market orders, enter into agreements, allocate or reallocate acquired shares to desired objectives subject to the applicable legal and regulatory conditions, set any terms and conditions that may be necessary to preserve the rights of holders of securities or options in accordance with legal, regulatory or contractual stipulations, make declarations to the *Autorité des Marchés Financiers* or any other competent authority, accomplish all other formalities and generally do all that is necessary.

This authorization deprives of effect from this day any unused portion of any previous authorization to the Board of Directors for the same purpose, i.e. any authorization to carry out transactions in the Company's shares. It is granted for a period of eighteen (18) months from this day.

Twenty first resolution

Powers for formalities

The General Meeting, voting on the quorum and majority conditions for Extraordinary Meetings, confers full powers on the bearer of an original, copy or extract of the minutes of its deliberations to carry out any filings (including filings with the competent registry) and formalities required by law.

Statutory Auditors' report on the Financial Statements

This is a translation into English of the statutory auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
S.A.S. au capital de € 2.510.460

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres

Tour First
TSA 14444
92037 Paris-La Défense Cedex
S.A.S. à capital variable
438 476 913 R.C.S. Nanterre

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

For the year ended December 31, 2019

Sanofi
54 rue la Boétie
75008 Paris, France

To the Shareholders of Sanofi,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of Sanofi for the year ended December 31, 2019.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 or in the French Code of ethics (*Code de déontologie*) for statutory auditors.

Justification of Assessments – Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of equity interests

See Notes 2.d and 6.b to the financial statements

Description of the risk
As of December 31, 2019, equity interests amounted to €90,390 million in gross value and €89,184 million in net value (i.e. 67% of the assets on the balance sheet).

Equity interests are recognized at their acquisition cost, including any transfer taxes and other expenses.

The book value of these interests is determined by management based on an annual review of internal and external indicators of impairment. The value may be adjusted depending on the valuation model selected with respect to the type of business activity of the relevant entity (commercial, manufacturing or holding company), on the basis of the percentage of equity held in the entity, discounted future cash flows, multiples of revenue or independent valuations.

It follows that determining the book value of equity interests relies on valuation models that are sensitive to the underlying data, especially when the method of choice is the discounted cash flow method, which is based on multiple assumptions such as the cash flows forecast and the discount rate of future cash flows.

We deemed the measurement of the book value of equity interests to be a key audit matter due to the significant amounts at stake, the sensitivity of the value to the assumptions used and the high degree of judgment required from management.

How our audit addressed this risk
We examined and analyzed the process implemented by management to determine the book value of these assets, focusing in particular on the identification of internal and external impairment indicators, the application of valuation methods and the calculations performed.

We obtained the impairment tests performed by management.

In addition, in association with our experts in valuation included within the audit team, we studied the methodology and discount rates employed.

For the impairment tests we deemed the most sensitive, we analyzed the main data and assumptions used, by comparing them to past performance, to progress made in the projects carried out by the relevant entities, to our knowledge of the businesses of those entities and, where available, to independent data.

Lastly, we assessed (i) the accounting policies applied to the measurement of the book value, and (ii) the disclosures provided in the notes to the financial statements.

Specific verifications
We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations.

Information given in the management report and in the other documents with respect to the financial position and the financial statements provided to the Shareholders
We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents with respect to the financial position and the financial statements provided to the Shareholders.

We attest the fair presentation and the consistency with the financial statements of the information relating to the payment deadlines mentioned in Article D.441-4 of the French Commercial Code (*Code de commerce*).

Report on corporate governance
We attest that the Board of Directors' report on corporate governance sets out the information required by articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits received by corporate officers and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlled companies which are included in the scope of consolidation. Based on these procedures, we attest the accuracy and fair presentation of this information.

With respect to the information relating to items that your company considered likely to have an impact in the event of a takeover bid or exchange offer, provided pursuant to article L. 225-37-5 of the French Commercial Code (*Code de commerce*), we have agreed this information to the source documents communicated to us. Based on these procedures, we have no observations to make on this information.

Other information
In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Report on Other Legal and Regulatory Requirements
Appointment of the Statutory Auditors
We were appointed as Statutory Auditors of Sanofi by the Annual General Meetings held on May 4, 2012 for Ernst & Young et Autres and on March 12, 1999 for PricewaterhouseCoopers Audit.

As at December 31, 2019, Ernst & Young et Autres was in the eighth year of total uninterrupted engagement (previously, Ernst & Young Audit was Statutory Auditor of Sanofi from 1994 to 2011) and PricewaterhouseCoopers Audit in the twenty-first year ar of total uninterrupted engagement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.
- Assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.
- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee, which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris-La Défense, March 5, 2020.

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit
Philippe Vogt
Stéphane Basset

ERNST & YOUNG et Autres
Alexis Hurtrel
Pierre Chassagne

Statutory Auditors' report on the Consolidated Financial Statements

This is a free translation into English of the Statutory Auditors' report issued in French and is provided solely for the convenience of English speaking readers. This report includes information specifically required by European regulations or French law, such as information about the appointment of Statutory Auditors. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended December 31, 2019

To the Shareholders of Sanofi,

Opinion
In compliance with the engagement entrusted to us by your Annual General Meeting, we have audited the accompanying consolidated financial statements of Sanofi for the year ended December 31, 2019.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

Basis for opinion
Audit framework
We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements* section of our report.

Independence
We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from January 1, 2018 to the date of our report and in particular we did not provide any non-audit services prohibited by article 5(1) of Regulation (EU) No 537/2014 or the French Code of Ethics (*Code de déontologie*) for Statutory Auditors.

Basis for opinion
Without qualifying our opinion, we draw your attention to notes A.2.1 and D.17.2. which set out the impact of the first application of IFRS 16.

Justification of assessments – Key audit matters
In accordance with the requirements of articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to the risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Recoverable amount of other intangible assets

Description of the Matter

Other intangible assets amounted to €16,572 million at December 31, 2019. Management recognized an impairment loss of €3,604 million for the year ended December 31, 2019. As described in Notes B.6.1., D.4. and D.5. to the consolidated financial statements, other intangible assets not yet available for use are tested for impairment annually and whenever events or circumstances indicate that impairment might exist. Other intangible assets that generate separate cash flows and assets included in cash-generating units (CGUs) are assessed for impairment when events or changes in circumstances indicate that the asset or CGU may be impaired. Management estimates the recoverable amount of the asset and recognizes an impairment loss if the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of the asset is the higher of its fair value less costs to sell or its value in use. Value in use is determined by management using estimated future cash flows generated by the asset or CGU, which are discounted and prepared using the same methods as those used in the initial measurement of the assets and on the basis of medium-term strategic plans. Management cash flow projections include significant assumptions related to mid and long-term sales forecasts; perpetual growth rate and attrition rate, where applicable; discount rate; and probability of success of current research and development projects.

We deemed the measurement of the recoverable amount of other intangible assets to be a key audit matter due to the significant judgments made by management when developing the significant assumptions utilized in the future cash flow projections as described above. In addition, the audit effort involved professionals with specialized skill and knowledge to assist in performing the audit procedures and evaluating the audit evidence obtained.

How we addressed this Matter in our Audit

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements.

These audit procedures included obtaining an understanding of the process and assessing the design and testing the operating effectiveness of controls relating to management's other intangible assets impairment assessment, including controls over the significant assumptions used in the impairment testing of the other intangible assets.

These audit procedures also included, among others, evaluating the appropriateness of the discounted cash flow model; testing the completeness, accuracy, and relevance of underlying data used in the model; and evaluating the significant assumptions used by management as described above. Evaluating management's assumptions involved evaluating whether the assumptions used by management were reasonable by considering the current and past performance of other intangible assets in comparison to management's previous forecasts and current trends, the consistency of forecasts and assumptions with external market and industry data, and whether these assumptions were consistent with evidence obtained in other areas of the audit such as internal company communications and presentations, external communications and analyst reports.

We involved professionals with specialized skill and knowledge to assist in the evaluation of the discount rate.

Valuation of the Discounts relating to Sanofi's business in the United States – Medicaid, Medicare and Managed Care Rebates

Description of the Matter

As described in Notes B.13.1. and D.23. to the consolidated financial statements, products sold in the United States are covered by various Government and State programs (of which Medicaid and Medicare are the most significant) and are subject to commercial agreements with healthcare authorities and certain customers and distributors. Estimates of discounts and rebates incentives (hereinafter the "Discounts") to be provided to customers under those arrangements are recognized as a reduction of gross sales in the period in which the underlying sales are recognized.

Provisions for the Medicaid, Medicare and Managed Care rebates amounted to €1,017 million, €810 million and €649 million respectively at December 31, 2019.

The Discounts estimated by management are based on the nature and patient profile of the underlying product; the applicable regulations or the specific terms and conditions of contracts with governmental authorities, wholesalers and other customers; historical data relating to similar contracts, in the case of qualitative and quantitative rebates; past experience and sales growth trends for the same or similar products; actual inventory levels in distribution channels, monitored by Sanofi using internal sales data and externally provided data; market trends including competition, pricing and demand.

We deemed the valuation of the Discounts relating to the Company's business in the United States to be a key audit matter due to the significant judgment by management due to significant measurement uncertainty involved in developing these provisions. These provisions are estimated based on multiple factors as described above.

How we addressed this Matter in our Audit

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These audit procedures included obtaining an understanding of the process and assessing the design and testing the operating effectiveness of controls relating to management's estimates of the provisions for the Discounts relating to the Company's business in the United States, including controls over the assumptions used to estimate these Discounts.

These procedures also included, among others, developing an independent estimate of the Discounts by utilizing third party data on inventory levels in distribution channels, volume, changes to price, the terms of the specific rebate programs, and the historical trend of actual rebate claims paid. The independent estimate was compared to the rebate accruals recorded by the Company. Additionally, these procedures included testing actual rebate claims paid and evaluating the contractual terms of the Company's rebate agreements.

Provisions for product liability, litigation and other risks and contingent liabilities

Description of the Matter	How we addressed this Matter in our Audit
Provisions for product liability, litigation and other risks were recorded in an amount of €1,355 million as at December 31, 2019. As described in Notes B.12., D.19.3. and D.22. to the consolidated financial statements, the Company records such provisions when an outflow of resources is probable and the amount of the outflow can be reliably estimated. The Company also discloses the contingent liabilities in circumstances where management is unable to make a reasonable estimate of the expected financial effect that will result from ultimate resolution of the proceeding, or a cash outflow is not probable. The pharmaceutical industry is highly regulated, which increases the inherent risk of litigation and arbitration. The Company is involved in litigation, arbitration and other legal proceedings. These proceedings are typically related to litigation concerning civil liability, intellectual property rights, competition law and trade practices, as well as claims under warranties or indemnification arrangements relating to business divestments. The issues raised by these claims are complex and subject to substantial uncertainties; therefore, the probability of loss and an estimation of damages are difficult to ascertain. We deemed the valuation of the provision for product liability, litigation and other risks to be a key audit matter due to the determination that the measurement of the provisions can involve a series of complex judgments about future events and can rely substantially on estimates and assumptions by management. However, there is inherent uncertainty related to these cases and in estimating the likelihood and outcome of the cases.	Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These audit procedures included obtaining an understanding of the process and assessing the design and testing the operating effectiveness of controls relating to management's evaluation of the provisions for product liability, litigation and other risks, including controls over determining whether a loss is probable and whether the amount of loss can be reasonably estimated, as well as the need for and the level of disclosures. These procedures also included, among others, obtaining and evaluating the letters of audit inquiry with internal and external legal counsel, evaluating management's assessment regarding whether an unfavorable outcome is reasonably possible or probable and reasonably estimable through the evaluation of the legal letters and summaries of the proceedings and lawsuit correspondence, and evaluating the Company's disclosures for contingent liabilities.

Uncertain tax positions

Description of the Matter

A As described in Notes B.22., D.14, D.19.4. and D.30. to the consolidated financial statements, the Company has recorded tax liabilities for uncertain tax positions of €1,031 million as of December 31, 2019. The Company operates in multiple tax jurisdictions, carrying out potentially complex transactions that require management to make judgments and estimates as to the tax impact of those transactions.

The positions adopted by the Company in tax matters are based on its interpretation of tax laws and regulations. Some of those positions may be subject to uncertainty. In such cases, the Company assesses the amount of the tax liability on the basis of the following assumptions: that its position will be examined by one or more tax authorities on the basis of all relevant information; that a technical assessment is carried out with reference to legislation, case law, regulations, and established practice; and each of its positions are assessed, with no offset or aggregation between positions. Those assumptions are assessed on the basis of facts and circumstances existing at the end of the reporting period. When an uncertain tax liability is regarded as probable, it is measured on the basis of the Company's best estimate.

We deemed the valuation of uncertain tax positions to be a key audit matter due to the significant judgment by management when determining the liability for uncertain tax positions, including a high degree of estimation uncertainty of certain assumptions and interpretations of the tax laws and regulations underlying the positions. In addition, we involved tax professionals to assist in performing these procedures and evaluating the audit evidence obtained.

How we addressed this Matter in our Audit

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements.

These audit procedures included obtaining an understanding of the process and assessing the design and testing the operating effectiveness of controls relating to the identification and recognition of the liability for uncertain tax positions, management's assessment and interpretation of tax laws and its evaluation of which tax positions may not be sustained upon audit and controls over measurement of the liability. These procedures also included, among others, testing the completeness and accuracy of the underlying data used in the calculation of the liability for uncertain tax positions and evaluating the assumptions used by management when determining its tax positions, the status of any tax audits and investigations, and the potential impact of past claims.

Tax professionals assisted in evaluating the reasonableness of management's assessments by comparing the positions taken by management with tax regulations and past decisions from tax authorities and where applicable, evaluating opinions from the Company's external tax advisors.

We also evaluated the disclosures provided in the notes to the consolidated financial statements concerning uncertain tax positions.

Verification of the information pertaining to the Group presented in the management report

As required by legal and regulatory texts and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We certify that the consolidated non-financial performance report provided for in Article L. 225-102-1 of the French Commercial Code is included in the Group's management report, it being specified that, in accordance with the provisions of Article L. 823-10 of this Code, the information contained in this statement has not been the subject of our verification of fairness or consistency with the consolidated financial statements and must be reported by an independent third party.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Sanofi by the Annual General Meetings held on March 12, 1999 for PRICEWATERHOUSECOOPERS AUDIT and May 4, 2012 for ERNST & YOUNG ET AUTRES.

As at December 31, 2019, PRICEWATERHOUSECOOPERS AUDIT was in the twenty-first year of total uninterrupted engagement and ERNST & YOUNG ET AUTRES in the eighth year of total uninterrupted engagement (previously, ERNST & YOUNG ET AUTRES was statutory auditor of Sanofi from 1994 to 2011).

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for preparing consolidated financial statements presenting a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for implementing the internal control procedures it deems necessary for the preparation of consolidated financial statements free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it expects to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems, as well as, where applicable, any internal audit systems, relating to accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Responsibilities of the Statutory Auditors relating to the audit of the consolidated financial statements

Objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free of material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in article L.823-10-1 of the French Commercial Code, our audit does not include assurance on the viability or quality of management of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditors exercise professional judgment throughout the audit. They also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence considered to be sufficient and appropriate to provide a basis for their opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the related disclosures in the notes to the consolidated financial statements.
- Assess the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditors conclude that a material uncertainty exists, they are required to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or are inadequate, to issue a qualified opinion or a disclaimer of opinion.
- Evaluate the overall presentation of the consolidated financial statements and assess whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditors are responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed thereon.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report any material deficiencies in internal control that we have identified regarding the accounting and financial reporting procedures.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements and which constitute the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in article 6 of Regulation (EU) No 537/2014, confirming our independence within the meaning of the rules applicable in France, as defined in particular in articles L.822-10 to L.822-14 of the French Commercial Code and in the French Code of Ethics for Statutory Auditors. Where appropriate, we discuss any risks to our independence and the related safeguard measures with the Audit Committee.

Neuilly-sur-Seine and Paris-La Défense, March 5, 2020.

The Statutory Auditors
French original signed by

PricewaterhouseCoopers Audit
Philippe Vogt
Stéphane Basset

ERNST & YOUNG et Autres
Alexis Hurtrel
Pierre Chassagne

Statutory Auditors' report on related party agreements

This is a free translation into English of a report issued in French and it is provided solely for the convenience of English-speaking users.

This report should be read in conjunction with and is construed in accordance with French law and professional standards applicable in France.

PricewaterhouseCoopers Audit

63, rue de Villiers
92208 Neuilly-sur-Seine Cedex
S.A.S. au capital de € 2.510.460

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

ERNST & YOUNG et Autres

1/2, place des Saisons
92400 Courbevoie - Paris-La Défense 1
S.A.S. à capital variable

Commissaire aux Comptes
Membre de la compagnie
régionale de Versailles

Sanofi
General meeting of shareholders to approve the financial statements for the year ended December 31, 2019

To Sanofi's general meeting of shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements.

We are required to inform you, on the basis of the information provided to us, of the terms, conditions and the reasons for interest in the company of those agreements indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements. It is your responsibility, in accordance with article R. 225-31 of the French commercial code (*Code de commerce*), to evaluate the benefits resulting from these agreements prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with article R. 225-31 of the French commercial code (*Code de commerce*) concerning the implementation, during the year, of the agreements already approved by the general meeting of shareholders.

We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (*Compagnie nationale des commissaires aux comptes*) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

Agreements submitted for approval by the general meeting of shareholders
In accordance with article R. 225-30, we have been advised of the following agreements concluded and authorized during the past financial year which have been subjected to the prior approval of your board of directors.

With the compagnies SAG and Dassault Systèmes
With Mr Bernard Charlès, board member of Sanofi, Chief Executive Officer and also Vice-Chairman of the Board of Directors, of Dassault Systèmes.

As part of the execution of the digital strategy, your company wanted to implement a digital management solution for scientific data called "iLab Projet". Dassault Systèmes has been selected following an tender process following strict rules. As such, the Board of Directors of October 30, 2019 authorized the conclusion by subsidiaries controlled by your Company of the following agreements related to the iLab Project:

a) Framework Agreement ("Master CLOSA") concluded between the companies Sanofi-Aventis Group ("SAG"), a wholly-owned subsidiary of your company and the company Dassault Systèmes

Nature and purpose
- Purpose of the agreement: definition of the conditions of subscription by the company SAG its affiliates to the right of use (license) of a software solution for digital management of scientific data developed by the company Dassault Systèmes and to benefit from the associated support and maintenance services.
- Duration of the agreement: Five years with renewal option.
- Within the context of the iLab project, two application contracts ("Transaction Documents"), will also be concluded, one by SAG and the other by the company Sanofi US Services Inc. (United States), both with Dassault Systèmes. The purpose of these application contracts will be to allow the subscription by a number of users to the licenses provided by the Framework Agreement.

Conditions
Financial conditions (Framework Agreement and application contracts): amount estimated at 6,4 M€ over the total duration of the Framework Agreement.

b) Implementation service contract between SAG and Dassault Systèmes

Nature and purpose

- Purpose of the agreement: Configuration, set-up and interfacing by Dassault Systèmes of the software solution in the IT system of your company.
- Duration of the agreement: Three years.

Conditions

Financial Conditions: Maximum amount of 5,5 M€ over the total duration of the contract. The Board of Directors has noted that the solution to be developed by the teams at Dassault Systèmes, aimed at enabling the R&D and Industrial Affairs teams of your company to benefit from an automated system to manage and share scientific data, will contribute to the digitalization of the work of your company's pharmaceutical development laboratories, thus allowing its teams to benefit from significant time savings.

The Board of Directors has therefore considered that this project is fully in line with the group's digital strategy.

Agreements previously approved by the general meeting

We have not been given notice of any agreements already approved by the general meeting of shareholders, which execution would have continued during the past financial year.

Neuilly-sur-Seine and Paris-La Défense, March 5, 2020

The Statutory Auditors

French original signed by

PricewaterhouseCoopers Audit

Philippe Vogt

Stéphane Basset

ERNST & YOUNG et Autres

Alexis Hurtrel

Pierre Chassagne

Overview of Sanofi in 2019

1. Business Overview

1.1. 2019 Significant Events

In a fast-changing industry environment, Sanofi continued its transformation during 2019, as we seek to deliver on our mission as a global healthcare leader at the cutting edge of innovation. The arrival of Paul Hudson as our new CEO in September 2019 was the catalyst for developing a new strategy to boost growth and our potential for innovation, based on four key priorities: (1) focus on growth; (2) lead with innovation; (3) accelerate efficiency; and (4) reinvent how we work. For further information about our new strategy, as announced in December 2019, refer to " – Item 4. – B.1. – Strategy" in our 2019 Annual Report on Form 20-F. Other significant events of the year are described below.

On January 7, 2019, Sanofi and **Regeneron** announced that they had restructured their 2015 global Immuno-Oncology Discovery and Development Agreement for new cancer treatments. The 2015 agreement was due to end in mid-2020, and this revision provides for ongoing collaborative development of two clinical stage bispecific antibodies. This gives Sanofi increased flexibility to advance its early-stage immuno-oncology pipeline independently, while Regeneron retains all rights to its other immuno-oncology discovery and development programs. On December 10, 2019, Sanofi and Regeneron announced their intention to simplify their antibody collaboration for Kevzara® (sarilumab) and Praluent® (alirocumab) by restructuring it into a royalty-based agreement. Under the proposed restructuring, Sanofi is expected to obtain sole global rights to Kevzara® and sole ex-US rights to Praluent®. Regeneron is expected to obtain sole US rights to Praluent®. Under the proposed terms of the agreement, each party will be solely responsible for funding development and commercialization expenses in their respective territories. These changes are expected to increase efficiency and streamline operations for the products. The existing collaboration relating to Dupixent® (dupilumab) and to SAR440340 (REGN3500) will remain unchanged.

On April 8, 2019, Sanofi and **Alnylam** concluded the research and option phase of the companies' 2014 RNAi therapeutics alliance in rare genetic diseases. The material collaboration terms for patisiran, vutrisiran (ALN-TTRsc02) and fitusiran, as previously announced, continue unchanged. As part of this agreement, Alnylam will advance an additional investigational asset in a rare genetic disease through studies enabling the filing of an Investigational New Drug (IND) application. Sanofi will be responsible for any potential further development or commercialization of the asset.

On June 18, 2019, Sanofi and **Google** announced that they are establishing a new Innovation Lab with the ambition of transforming how future medicines and health services are delivered by tapping into the power of emerging technologies. The collaboration aims to change how Sanofi develops new treatments and will focus on three key objectives: to better understand patients and diseases, to increase Sanofi's operational efficiency, and to improve the experience of Sanofi's patients and customers.

On July 23, 2019, we announced that we had signed an agreement with **Roche** for the exclusive over-the-counter (OTC) rights to Tamiflu® for the prevention and treatment of influenza (flu) in the US. Under the terms of the agreement, Sanofi will be responsible for leading FDA negotiations for the OTC switch and subsequent exclusive marketing, scientific engagement and distribution of Tamiflu® in the US consumer health care market.

At the end of July 2019, given the primary endpoint results of blood sugar (HbA1c) reduction in the SOTA-CKD3 and SOTA-CKD4 studies, we provided notice to **Lexicon** that we were terminating our collaboration to develop, manufacture, and commercialize ZynquistaTM in all ongoing global Type 1 and Type 2 diabetes programs.

On September 16, 2019, Sanofi and **Abbott** announced that they are partnering to integrate glucose sensing and insulin delivery technologies that would help to further simplify how people with diabetes manage their condition. The two companies will take an innovative approach to connected care by developing tools that combine FreeStyle Libre technology with insulin dosing information for future smart pens, insulin titration apps and cloud software.

On October 15, 2019, we inaugurated our new **digital manufacturing facility** in **Framingham**, Massachusetts (USA), one of the world's first digital facilities using intensified, continuous biologics production technology. The new facility features leading-edge technology that connects the production process with research and development, paving the way for improved commercialization of important new medicines for patients.

On December 9, 2019, Sanofi and **Synthorx, Inc.**, a biotechnology company focused on developing treatments to prolong and improve the lives of people suffering from cancer and autoimmune disorders, entered into a definitive agreement under which Sanofi acquired all of the outstanding shares of Synthorx for $68 per share in cash, which represents an aggregate equity value of approximately $2.5 billion (on a fully diluted basis). The acquisition of Synthorx was completed on January 23, 2020.

In Pharmaceuticals, highlights of our research and development activities in 2019 included the launch of a pivotal Phase II study of SAR439859 (a selective estrogen receptor degrader) in breast cancer, and the entry into Phase III of **cemiplimab** (Libtayo®), as an adjuvant in the treatment of cutaneous squamous cell carcinoma; **venglustat** (a GCS inhibitor), in autosomal dominant polycystic kidney disease (ADPKD); BIVV001, a recombinant coagulation factor for patients with hemophilia A; SAR408701, an anti CEACAM-5 antibody drug conjugate as a second and third line treatment for non-small-cell lung cancer; and **dupilumab** (Dupixent®) in chronic obstructive pulmonary disease. In Vaccines, the hexavalent pediatric vaccine **Shan6** (diphtheria, tetanus, pertussis, polio, hepatitis B and hemophilus influenzae B) entered Phase III, along with the monoclonal antibody **nirsevimab** (collaboration with Medimmune) for the prevention of respiratory syncytial virus (RSV) and the vero-cell rabies vaccine **VerorabVax®** (VRVg).

Healthcare authorities granted marketing approval for a number of our products in 2019. The Democratic Republic of Congo (DRC) granted marketing approval for **fexinidazole** for the treatment of human African trypanosomiasis (HAT), more commonly known as sleeping sickness. In the United States, **Cablivi®** was approved in association with plasma exchange and immuno-suppression for the treatment of acquired thrombotic thrombocytopenic purpura (aTTP) in adults. In the United States and Europe, **Dupixent®** was approved for the treatment of severe atopic dermatitis in adolescents, and for the treatment of severe nasal polyps. In Europe, Dupixent® was approved as a treatment for severe asthma. The European Commission and the US FDA approved a new indication for **Praluent®** (alirocumab) to reduce cardiovascular risk in adults with established atherosclerotic cardiovascular disease. In Europe, conditional marketing approval was granted for **Libtayo®** (cemiplimab) in the treatment of advanced cutaneous squamous cell carcinoma (CSCC).

For further information about the pharmaceutical products and vaccines we sell, and about our research and development portfolio, refer to " – Item 4.B. – Business Overview" in our 2019 Annual Report on Form 20-F.

Our net sales for 2019 amounted to €36,126 million, a year-on-year increase of 4.8%. At constant exchange rates (CER(1)), net sales rose by 2.8%, impacted by (i) the acquisition of Bioverativ's rare blood disorder products and (ii) the divestment of our European generics business in 2018. At constant exchange rates and on a constant structure basis (CER/CS(1)), the growth rate was 3.6%. Strong performances for Dupixent®, and for Vaccines across all geographies, combined with growth in Emerging Markets sales, more than offset lower sales of Lantus® and Established Prescription Products in mature markets.

Net income attributable to equity holders of Sanofi amounted to €2,806 million in 2019, down 34.8% year-on-year; this was due mainly to impairment losses charged against intangible assets in the period. Earnings per share was €2.24, 35.1% lower than in 2018. Business net income(1) was €7,489 million, up 9.8% on 2018, while business earnings per share (business EPS(1)) was 9.5% higher than in 2018 at €5.99.

At constant exchange rates, Sanofi expects the 2020 business EPS to grow around 5%, barring unforeseen major adverse events. When Sanofi presented its strategy in December 2019, it announced that it expects to expand its business operating income (BOI) margin(1) to 30% by 2022, with an ambition for its BOI margin to exceed 32% by 2025. The company also announced efficiency initiatives that are expected to generate €2 billion savings by 2022. These savings will fund investment in its key growth drivers and accelerate priority pipeline projects as well as support the expansion of the BOI margin. In addition, Sanofi aims to increase its free "Cash-Flow"(1) by about 50% by 2022, compared to an adjusted base of 4.1 billion euros in 2018. These forecasts replace previously announced forecasts.

As of December 31, 2019, we had reduced our net debt(2) to €15,107 million (versus €17,628 million as of December 31, 2018), due largely to the cash generated by our operations during the year. At the Annual General Meeting on April 28, 2020, we will ask our shareholders to approve a dividend of €3.15 per share for the 2019 financial year, representing a payout of 52.6% of our business net income.

1.2. Significant Events Subsequent to December 31, 2019

At the end of January, 2020, the U.S. Food and Drug Administration (FDA) has accepted for Priority Review the supplemental Biologics License Application (sBLA) for **Dupixent®** (dupilumab) as an add-on maintenance treatment for children aged 6 to 11 years with moderate-to-severe atopic dermatitis whose disease is not adequately controlled with topical prescription therapies or when those therapies are not advisable. The target action date for the FDA decision is May 26, 2020.

On January 30, 2020, Sanofi announced that olipudase alfa demonstrated positive results in two separate clinical trials evaluating **olipudase alfa** for the treatment of acid sphingomyelinase deficiency (ASMD) in adults and children. Acid sphingomyelinase deficiency is a rare, progressive and life-threatening disease for which no treatment has yet been approved. Olipudase alfa is the first and only advanced experimental enzyme replacement therapy for the treatment of this disease.

On February 6, 2020, Sanofi announced that the Phase 2b study evaluating its investigational **BTK (Bruton's tyrosine kinase) inhibitor (SAR442168)**, an oral, brain-penetrant, selective small molecule, achieved its primary endpoint. In the trial, SAR442168 significantly reduced disease activity associated with multiple sclerosis (MS) as measured by magnetic resonance imaging (MRI). SAR442168 was well tolerated with no new safety findings.

(1) Non-GAAP financial measure; see "Definitions" section below.
(2) Non-GAAP financial measure, see section "Consolidated Balance Sheet and Debt" below.

On February 18, 2020, Sanofi Pasteur, the Vaccines Global Business Unit of Sanofi, announced that it will leverage previous development work for a SARS vaccine which may unlock a fast path forward for developing a **COVID-19** vaccine. Sanofi will collaborate with the Biomedical Advanced Research and Development Authority (BARDA), part of the Office of the Assistant Secretary for Preparedness and Response, expanding the Company's long-standing partnership with BARDA.

On February 24, 2020, Sanofi announced its plans to create a major **leading European company dedicated to the production and marketing to third parties of active pharmaceutical ingredients (API)**, which are the essential molecules responsible for the beneficial effects used in the composition of any drug. The project consists of creating a standalone company which would combine Sanofi's API commercial and development activities with six of its European API production sites: Brindisi (Italy), Frankfurt Chemistry (Germany), Haverhill (UK), St Aubin les Elbeuf (France), Újpest (Hungary) and Vertolaye (France). With increasing medicine shortages that critically impact patient care, the new entity would contribute to supporting and securing API manufacturing as well as supply capacities for Europe and beyond. The new company would rank as the world's second largest API company with approximately €1 billion in expected sales by 2022. It is expected to include 3,100 skilled employees and to be headquartered in France. A planned IPO on Euronext Paris would be evaluated with a decision expected by 2022, subject to market conditions. Sanofi is fully committed to the new company's success and intends to establish a long-term customer relationship with the new API supplier and to hold a minority stake of approximately 30% in the new company. To provide the optimal conditions for success, Sanofi intends the new company to be debt free in order to maximize its future investment capacities, and is committed to remaining an important customer.

On February 28, 2020, Aventis Inc., a subsidiary of Sanofi, acquired from Bristol-Myers Squibb Investco LLC., E.R. Squibb & Sons, L.L.C., and Bristol-Myers Squibb Puerto Rico, Inc., subsidiaries of BMS, respectively, their partnership interests in the three partnerships carrying out the **commercialization of Plavix® in the United States and Puerto Rico**. As a consequence of these transactions, on February 28, 2020, Sanofi took sole control and freedom to operate commercially with respect to Plavix® in the United States and Puerto Rico. As from March 2020, Sanofi will recognize in its consolidated financial statements the revenue and expenses generated by its own operations.

On March 2, 2020, Sanofi announced that the U.S. Food and Drug Administration (FDA) has approved **Sarclisa®** (isatuximab-irfc) in combination with pomalidomide and dexamethasone (pom-dex) for the treatment of adults with relapsed refractory multiple myeloma (RRMM) who have received at least two prior therapies including lenalidomide and a proteasome inhibitor. Sarclisa® is expected to be available to patients in the U.S. shortly.

At its meeting on March 4, 2020, the Board of Directors of Sanofi decided to propose, at the next Annual General Meeting of Shareholders scheduled for April 28, 2020, the **appointment of two new independent directors**, Rachel Duan and Lise Kingo. Rachel Duan is currently Senior Vice President of GE and President & CEO of GE Global Markets, where she is responsible for driving GE's growth in China, Asia Pacific, India, the Middle East, Africa, and Latin America. Lise Kingo is currently CEO & Executive Director of the United Nations Global Compact, a position she has held since 2015. The UN Global Compact is the world's largest corporate sustainability initiative uniting business to create a better world through universal principles and the UN Sustainable Development Goals. Lise Kingo will be stepping down from her post as CEO and Executive Director of the UN Global Compact in June 2020. Assuming election to the Board, she will not sit at Board meetings until she has separated from the United Nations.

2. Operating and financial review

2.1. Net Sales

Consolidated net sales for the year ended December 31, 2019 amounted to €36,126 million, 4.8% higher than in 2018. Exchange rate fluctuations had a positive effect of 2.0 percentage points overall, due mainly to favorable trends in the euro exchange rate against the US dollar and Japanese yen. The Argentinean peso had an unfavorable effect of €166 million in 2019, including the effects of applying hyperinflation accounting from July 1, 2018 onwards (see Note A.4. to our consolidated financial statements in our 2019 Annual Report on Form 20-F).

At constant exchange rates (CER, see "Definitions" section below), net sales rose by 2.8%, impacted by (i) the acquisition of Bioverativ's rare blood disorder products and (ii) the divestment of our European generics business in 2018. At constant exchange rates and on a constant structure basis (CER/CS, see "Definitions" section below), the growth rate was 3.6%. Strong performances for Dupixent®, and for Vaccines across all geographies, combined with growth in Emerging Markets sales, more than offset lower sales of Lantus® and Established Prescription Products in mature markets.

Reconciliation of net sales to net sales at constant exchange rates and on a constant structure basis

(€ million)	2019	2018	Change
Net sales	**36,126**	**34,463**	**+4.8%**
Effect of exchange rates	(688)		
Net sales at constant exchange rates	**35,438**	**34,463**	**+2.8%**
Impact of changes in structure (Zentiva[a] and Bioverativ[b])		(268)	
Net sales at constant exchange rates and on a constant structure basis	**35,438**	**34,195**	**+3.6%**

(a) Elimination of the €456 million of net sales generated from January 1 through September 30, 2018 by Zentiva, our European generics business, divested September 30, 2018.
(b) Add-back of the €188 million of net sales generated from January 1 through March 7, 2018 by Bioverativ, consolidated from March 8, 2018 onwards.

2.2. Net Sales by Operating Segment

Our net sales comprise the net sales generated by our Pharmaceuticals, Consumer Healthcare and Vaccines segments.

The table below also presents an analysis of our net sales by Global Business Unit (GBU).

(€ million)	2019	2018	Change on a reported basis	Change at constant exchange rates
Sanofi Genzyme (Specialty Care) GBU[a][b]	9,195	7,226	+27.2%	+22.4%
Primary Care GBU[a]	9,076	10,406	-12.8%	-14.8%
China & Emerging Markets GBU[c][d]	7,437	7,053	+5.4%	+6.4%
Total Pharmaceuticals	**25,708**	**24,685**	**+4.1%**	**+2.2%**
Consumer Healthcare GBU	**4,687**	**4,660**	**+0.6%**	**-0.8%**
Sanofi Pasteur (Vaccines) GBU	**5,731**	**5,118**	**+12.0%**	**+9.3%**
Total net sales	**36,126**	**34,463**	**+4.8%**	**+2.8%**

(a) Does not include Emerging Markets net sales.
(b) Rare Diseases, Multiple Sclerosis, Oncology, Immunology, and Rare Blood Disorders.
(c) Includes net sales in Emerging Markets of Specialty Care and Primary Care products.
(d) Emerging Markets: World excluding United States, Canada, Europe (apart from Eurasia: Russia, Ukraine, Georgia, Belarus, Armenia and Turkey), Japan, South Korea, Australia, New Zealand and Puerto Rico.

In 2019, our Primary Care GBU (which combines our Diabetes & Cardiovascular and Established Prescription Products franchises) and our Specialty Care GBU were focused exclusively on mature markets. Sales of Specialty Care and Primary Care products in emerging markets were included within the net sales of our China & Emerging Markets GBU, which during 2019 was focused on the distinctive characteristics and growth potential of emerging markets, especially China.

New Global Business Units

On December 9, 2019, our Chief Executive Officer unveiled his new strategy to boost growth and our potential for innovation. From the first quarter of 2020, Sanofi will be organised into three core Global Business Units to support our strategy (subject to completion of consultation with employee representatives): the **Specialty Care** GBU (Immunology, Rare Diseases, Rare Blood Disorders, Neurology and Oncology); the **Vaccines** GBU; and the **General Medicines** GBU (Diabetes, Cardiovascular and Established Prescription Products). The **Consumer Healthcare** GBU will become a standalone business unit with integrated manufacturing and R&D functions.

As specified on February 6, 2020, at the occasion of the 2019 fourth-quarter and full-year results presentation, the General Medicines GBU will be created from two existing GBUs, Primary Care and China & Emerging Markets. Each GBU will include its respective Emerging Markets sales contribution. Olivier Charmeil has been appointed to lead the General Medicines GBU. Olivier is one of Sanofi's most seasoned business leaders. He will draw on his recent experience leading the China & Emerging Markets GBU to engage with customers and markets and ensure that our combined Diabetes, Cardiovascular and Established Products business drives growth and delivers for patients around the world. Alongside the GBU reorganization, Sanofi will implement changes in the configuration of its Executive Committee. This leadership committee will now include, in addition to the four GBU Heads, the global Heads of R&D, Industrial Affairs, Finance, Human Resources and Legal, together with the Chief Digital Officer. A leaner configuration will foster agility and speed in decision-making, in line with the fourth priority of the company's new strategy ("Reinvent How We Work").

2.3. Net Sales by Franchise and Geographical Region

The table below sets forth our 2019 and 2018 net sales by franchise and geographical region in order to facilitate direct comparisons with our peers. It also provides a reconciliation of sales by GBU for our Pharmaceuticals segment. Net sales for the Specialty Care GBU are obtained by aggregating sales of Specialty Care products in Europe, the United States and the Rest of the World region. Net sales for the General Medicines GBU are obtained by aggregating sales of General Medicines products in Europe, the United States and the Rest of the World region. Net sales for the China & Emerging Markets GBU are obtained by aggregating sales of all our pharmaceutical products in emerging markets.

(€ million)	Europe[a] 2019	Europe[a] 2018	Europe[a] Change at CER	United States 2019	United States 2018	United States Change at CER	Rest of the world[b] 2019	Rest of the world[b] 2018	Rest of the world[b] Change at CER	Emerging markets[c] 2019	Emerging markets[c] 2018	Emerging markets[c] Change at CER	Total Franchise 2019	Total Franchise 2018	Total Franchise Change on a reported basis	Total Franchise Change at CER
Total Multiple Sclerosis	**506**	**552**	**-8.3%**	**1,502**	**1,346**	**+5.9%**	**72**	**76**	**-9.2%**	**80**	**75**	**+14.7%**	**2,160**	**2,049**	**+5.4%**	**+1.8%**
Total Rare Diseases	**1,027**	**1,008**	**+1.9%**	**1,183**	**1,072**	**+4.7%**	**341**	**336**	**-2.1%**	**614**	**542**	**+24.0%**	**3,165**	**2,958**	**+7.0%**	**+6.5%**
Total Oncology	**374**	**351**	**+6.8%**	**613**	**523**	**+11.3%**	**218**	**201**	**+3.0%**	**490**	**419**	**+16.7%**	**1,695**	**1,494**	**+13.5%**	**+10.6%**
Total Immunology	**243**	**89**	**+171.9%**	**1,784**	**724**	**+134.5%**	**201**	**53**	**+260.4%**	**31**	**5**	**+500.0%**	**2,259**	**871**	**+159.4%**	**+148.1%**
Total Rare Blood Disorders	**22**	**4**	**+450.0%**	**851**	**722**	**+11.8%**	**258**	**169**	**+45.0%**	**21**	**2**	**+900.0%**	**1,152**	**897**	**+28.4%**	**+22.0%**
Sanofi Genzyme (Specialty Care)	**2,172**	**2,004**	**+8.4%**	**5,933**	**4,387**	**+28.4%**	**1,090**	**835**	**+24.7%**	**1,236**	**1,043**	**+24.4%**	**10,431**	**8,269**	**+26.1%**	**+22.7%**
Total Diabetes	**1,208**	**1,272**	**-5.0%**	**1,811**	**2,185**	**-21.5%**	**393**	**461**	**-17.1%**	**1,701**	**1,554**	**+10.3%**	**5,113**	**5,472**	**-6.6%**	**-8.2%**
Total Cardiovascular	**147**	**129**	**+14.0%**	**407**	**450**	**-14.0%**	**22**	**14**	**+50.0%**	**29**	**18**	**+55.6%**	**605**	**611**	**-1.0%**	**-4.6%**
Total Established Prescription Products	**3,197**	**3,898**	**-17.9%**	**786**	**875**	**-14.6%**	**1,105**	**1,122**	**-5.5%**	**4,471**	**4,438**	**+0.6%**	**9,559**	**10,333**	**-7.5%**	**-8.3%**
Total General Medicines	**4,552**	**5,299**	**-14.0%**	**3,004**	**3,510**	**-18.8%**	**1,520**	**1,597**	**-8.4%**	**6,201**	**6,010**	**+3.3%**	**15,277**	**16,416**	**-6.9%**	**-8.2%**
Total China and Emerging Markets	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**7,437**	**7,053**	**+6.4%**	**-**	**-**	**-**	**-**
Total Pharmaceuticals	**6,724**	**7,303**	**-7.9%**	**8,937**	**7,897**	**+7.4%**	**2,610**	**2,432**	**+3.0%**	**7,437**	**7,053**	**+6.4%**	**25,708**	**24,685**	**+4.1%**	**+2.2%**
Total Consumer Healthcare	**1,311**	**1,403**	**-6.4%**	**1,086**	**1,066**	**-3.6%**	**638**	**603**	**+2.7%**	**1,652**	**1,588**	**+4.7%**	**4,687**	**4,660**	**+0.6%**	**-0.8%**
Total Vaccines	**817**	**728**	**+12.1%**	**2,733**	**2,577**	**+1.1%**	**356**	**342**	**+1.8%**	**1,825**	**1,471**	**+24.0%**	**5,731**	**5,118**	**+12.0%**	**+9.3%**
Total Sanofi	**8,852**	**9,434**	**-6.1%**	**12,756**	**11,540**	**+5.0%**	**3,604**	**3,377**	**+2.8%**	**10,914**	**10,112**	**+8.7%**	**36,126**	**34,463**	**+4.8%**	**+2.8%**

(a) Europe excluding Eurasia (Russia, Ukraine, Georgia, Belarus, Armenia and Turkey).
(b) Japan, South Korea, Canada, Australia, New Zealand and Puerto Rico.
(c) World excluding United States, Canada, Europe (apart from Eurasia), Japan, South Korea, Australia, New Zealand and Puerto Rico

2.3.1. Net Sales - Pharmaceuticals Segment

In 2019, net sales for the Pharmaceuticals segment were €25,708 million (+4.1% on a reported basis, +2.2% at constant exchange rates (CER)). At constant exchange rates and on a constant structure basis, Pharmaceuticals segment net sales were 3.3% higher in 2019 than in 2018. The year-on-year increase of €1,023 million on a reported basis reflects (i) favorable exchange rate effects of €486 million; (ii) the negative net effect of €268 million of the acquisition of Bioverativ products and the divestment of our European Generics business; and (iii) the following effects at constant exchange rates and on a constant structure basis:

- positive performances from the Immunology franchise (+€1,290 million), the Rare Diseases franchise (+€192 million), the Oncology franchise (+€159 million), the Multiple Sclerosis franchise (+€37 million) and the Rare Blood Disorders franchise (+€9 million); and
- negative performances from the Diabetes franchise (-€451 million), the Established Prescription Products franchise, which now includes Generics (-€403 million), and the Cardiovascular franchise (-€28 million).

Specialty Care

Rare Diseases franchise

Net sales for the **Rare Diseases** franchise amounted to €3,165 million in 2019, up 7.0% on a reported basis and 6.5% at constant exchange rates (CER), driven by sales in Emerging Markets (+24.0% CER at €614 million). In the United States, the franchise grew net sales by 4.7% CER in 2019, to €1,183 million, while in Europe net sales rose by 1.9% CER over the same period to €1,027 million.

Immunology franchise

Dupixent® (developed in collaboration with Regeneron) generated net sales of €2,074 million in 2019, up 163.2% on a reported basis and 151.6% at constant exchange rates. In the United States, the product posted net sales of €1,669 million in 2019, driven by continued growth in atopic dermatitis (boosted by the approval in mid-March 2019 of an indication for adolescents aged 12 to 17 years) plus a rapid ramp-up in sales for asthma and the launch of the product as a treatment for nasal polyps following FDA approval in June 2019. In Europe, net sales of Dupixent® in 2019 were €200 million, up 165.3% CER. In the Rest of the World region, Dupixent® posted net sales of €176 million (+247.9% CER), including €131 million in Japan. Dupixent® has now been launched in 34 countries as a treatment for atopic dermatitis in adults, with further indications having been approved for atopic dermatitis in adolescents (in 10 countries); for asthma (in 8 countries); and for nasal polyps (in 4 countries). Sanofi expects to deliver strong growth for Dupixent® with the ambition of achieving more than €10 billion in peak sales driven by its unique mechanism of action targeting the type 2 inflammation pathway.

In 2019, net sales of **Kevzara®** (developed in collaboration with Regeneron) amounted to €185 million, up 114.5% CER, fueled by growth in the United States (+70.3% CER at €115 million) and Europe (+207.1% CER at €43 million). Those growth figures reflect the adoption of the product, and the expansion of its therapeutic class in mature markets.

Multiple Sclerosis franchise
In 2019, our Multiple Sclerosis franchise generated net sales of €2,160 million, up 5.4% on a reported basis and 1.8% CER, as strong growth in sales of **Aubagio**® offset lower sales of **Lemtrada**® in mature markets.

Oncology franchise
2019 net sales for the Oncology franchise were €1,695 million, up 13.5% on a reported basis and 10.6% CER, on good performances in both Emerging Markets (+16.7% CER at €490 million) and the United States (+11.3% CER at €613 million).

Rare Blood Disorders franchise
Our Rare Blood Disorders franchise was created in 2018 following two acquisitions. The first was the acquisition of Bioverativ, which added two products to our portfolio: the flagship hemophilia treatments Eloctate® and Alprolix®. This was followed by the acquisition of Ablynx, enhancing our portfolio with the addition of Cablivi® (caplacizumab), which received marketing approval from the European Commission in 2018 and from the FDA in February 2019 in the United States in the treatment of acquired thrombotic thrombocytopenic purpura (aTTP).

Net sales for the Rare Blood Disorders franchise in 2019 reached €1,152 million, up 28.4% on a reported basis and up 0.8% at constant exchange rates and on a constant structure basis. Higher sales in the Rest of the World region (+17.2% CER/CS at €258 million), and good performances from Cablivi® in the United States and Europe, offset a decrease in sales of Eloctate® in the United States.

General Medicines
Diabetes franchise
Net sales for the Diabetes franchise were €5,113 million in 2019, down 6.6% on a reported basis and 8.2% CER. This reflects a decline in sales for the franchise in the United States (-21.5% CER at €1,811 million), especially of insulin glargines (Lantus® and Toujeo®) as a result of changes to Medicare Part D welfare program cover and the ongoing decline in average net prices for insulin glargines in the United States. However, we expect that reimbursement of our principal Diabetes products by US payers will be largely maintained in 2020. Elsewhere in the world, net sales for the Diabetes franchise rose in Emerging Markets (+10.3% CER at €1,701 million) but fell in the Rest of the World region (-17.1% CER at €393 million) and in Europe (-5.0% CER at €1,208 million), as good performances from Toujeo® only partially offset lower sales of Lantus®.

Cardiovascular franchise
Net sales for the Cardiovascular franchise in 2019 were €605 million, down 1.0% on a reported basis and 4.6 % at constant exchange rates.

Established Prescription Products
Net sales of Established Prescription Products in 2019 amounted to €9,559 million, down 7.5% on a reported basis and 8.3% CER, mainly reflecting the divestment of Zentiva, our European Generics business, at the end of the third quarter of 2018. At constant exchange rates and on a constant structure basis, net sales for our Established Prescription Products franchise were down 4.1%, reflecting competition from generics of Renvela®/Renagel® in the United States, lower sales of Lovenox® in Europe, and of Plavix® in China.

2.3.2. Net sales – Consumer Healthcare Segment
In 2019, net sales of **Consumer Healthcare** products were €4,687 million, up 0.6% on a reported basis but down 0.8% at constant exchange rates. Lower sales of Nutritionals (-4.1% CER at €657 million) were partially offset by sales growth in Allergy, Cough & Cold (+2.2% CER at €1,179 million) and Pain (+1.3% CER at €1,259 million), and more generally by the performance in Emerging Markets. Tighter regulation (especially in Europe), coupled with the ongoing effects of divesting non-strategic brands, impacted growth in our Consumer Healthcare operations during 2019; we expect those factors will continue to have an impact in the first half of 2020.

In September 2019, the FDA and the Canadian healthcare authorities announced publicly that ranitidine-based medicines, including Zantac®, might contain low levels of N-nitrosodimethylamine (NDMA), and that manufacturers had been asked to conduct tests. Inconsistencies in the results of preliminary tests on the active ingredient used in the products we sell in the United States and Canada led Sanofi to voluntarily recall Zantac® in October 2019. As a result of the recall, net sales of Zantac® decreased by 42.5% CER to €78 million in 2019.

2.3.3. Net sales – Vaccines Segment
In 2019, the Vaccines segment posted net sales of €5,731 million, up 12.0% on a reported basis and 9.3% CER. The main growth drivers were Polio/Pertussis/Hib vaccines in Emerging Markets (+23.4% CER at €1,108 million) and the performance of Influenza vaccines (+7.3% CER, at €1,891 million), especially in Emerging Markets and Europe. In the United States, vaccines sales rose by 1.1% CER to €2,733 million, with stronger sales of Adult Booster vaccines and Meningitis/Pneumonia vaccines offsetting lower sales of Polio/Pertussis/Hib vaccines. In Emerging Markets and Europe, Vaccines net sales rose by 24.0% CER (to €1,825 million) and 12.1% CER (to €817 million) respectively. Vaccines are expected to deliver a mid-to-high single-digit net sales (compound annual growth rate) from 2018 to 2025, through differentiated products, market expansion and new launches.

2.4. Net Sales by Geographical Region
In 2019, net sales in the **United States** reached €12,756 million, up 10.5% on a reported basis and 5.0% at constant exchange rates, due in part to the acquisition of Bioverativ's products in 2018. At constant exchange rates and on a constant structure basis, US sales reflect solid performances from Dupixent® (+140.8% CER at €1,669 million), Admelog® (+158.1% CER at €235 million) and Aubagio® (+10.8% CER at €1,351 million), which more than offset a decrease in sales of Lantus® (-32.5% CER at €1,149 million) and Renvela®/Renagel® (-50.2% CER at €133 million).

In **Emerging Markets**, net sales amounted to €10,914 million, up 7.9% on a reported basis and 8.7% CER. All our Pharmaceuticals franchises posted net sales growth in Emerging Markets, as did Vaccines and Consumer Healthcare. The biggest contributors to sales growth in Emerging Markets were Polio/Pertussis/Hib vaccines (+23.4% CER at €1,108 million), the Diabetes franchise (+10.3% CER at €1,701 million), and the Rare Diseases franchise (+24.0% CER at €614 million). In **Asia**, net sales were €4,393 million (+8.5% CER), reflecting a solid performance in China (+8.8% CER at €2,704 million) driven by Vaccines and Pharmaceuticals. In **Latin America**, net sales amounted to €2,734 million, up 4.7% on a reported basis and 11.2% CER. Net sales in Brazil during 2019 were up 1.6% CER at €1,013 million on growth in Vaccines. In the **Africa and Middle East** region, net sales were €2,307 million, up 1.7% CER: good performances from Established Prescription Products (+3.9% CER at €1,017 million) and from the Rare Diseases and Immunology franchises offset lower sales for the Vaccines segment in the region. In **Eurasia**, net sales reached €1,312 million (+17.2% CER) on strong growth in Turkey (+30.5% CER at €495 million) and Russia (+9.1% CER at €673 million).

Net sales in **Europe** decreased by 6.1% CER in 2019 to €8,852 million, due largely to the divestment of our European Generics business in 2018. At constant exchange rates and on a constant structure basis, net sales in Europe were down 1.3% year-on-year: a decrease in sales of Lovenox®, Lantus® and Lemtrada® and lower sales in Consumer Healthcare were not wholly offset by good performances from Dupixent® and Vaccines.

In the **Rest of the World region**, net sales rose by 2.8% CER to €3,604 million. In Japan, net sales reached €1,908 million (+4.6% CER), boosted by sales of Dupixent®, which more than offset a decrease in sales of Plavix®, Aprovel® and Myslee® due to generic competition.

2.5. Net Income Attributable to Equity Holders of Sanofi

Net income attributable to equity holders of Sanofi amounted to €2,806 million in 2019, compared with €4,306 million in 2018. Basic earnings per share for 2019 was €2.24, versus €3.45 for 2018, based on an average number of shares outstanding of 1,249.9 million in 2019 and 1,247.1 million in 2018. Diluted earnings per share for 2019 was €2.23, 35.0% lower than the 2018 figure of €3.43, based on an average number of shares after dilution of 1,257.1 million in 2019 and 1,255.2 million in 2018.

2.6. Business Net Income

We believe that understanding of our operational performance by our management and our investors is enhanced by reporting "business net income". This non-GAAP financial measure represents business operating income, less net financial expenses and the relevant income tax effects.

Business net income for 2019 was €7,489 million, 9.8% higher than in 2018 (€6,819 million), and represented 20.7% of net sales (compared with 19.8% in 2018).

We also report "business earnings per share" (business EPS), a non-GAAP financial measure which we define as business net income divided by the weighted average number of shares outstanding. Business EPS was €5.99 for 2019, 9.5% higher than the 2018 figure of €5.47, based on an average number of shares outstanding of 1,249.9 million for 2019 and 1,247.1 million for 2018.

2.7. Consolidated Statement of Cash Flows

Net cash provided by operating activities amounted to €7,744 million in 2019, against €5,547 million in 2018.

Operating cash flow before changes in working capital for 2019 amounted to €8,163 million, compared with €6,827 million in 2018. Working capital requirements increased by €419 million in 2019, compared with an increase of €1,280 million in 2018. The main factors in 2019 were an increase of €462 million in accounts receivable, and a €547 million rise in inventories associated with new products (especially Dupixent®).

Net cash used in investing activities totaled €1,212 million in 2019, compared with €12,866 million in 2018.

Acquisitions of property, plant and equipment and intangible assets amounted to €1,816 million, versus €1,977 million in 2018. There were €1,323 million of acquisitions of property, plant and equipment (versus €1,415 million in 2018), mostly (€851 million) in the Pharmaceuticals segment, primarily in industrial facilities. The Vaccines segment accounted for €462 million of acquisitions of property, plant and equipment during 2019. Acquisitions of intangible assets (€493 million, versus €562 million in 2018) mainly comprised contractual payments for intangible rights under license and collaboration agreements.

Acquisitions of equity interests in other entities, during 2019, totaled €526 million, net of the cash of acquired entities and after including assumed liabilities and commitments. This compares with €12,994 million in 2018, when the main acquisitions were Bioverativ (€8,932 million) and Ablynx (€3,639 million).

After-tax proceeds from disposals were €1,224 million in 2019, and arose mainly from sales of our equity interest in Alnylam (€706 million) and in MyoKardia (€118 million). In 2018, after-tax proceeds from disposals amounted to €2,163 million, mainly arising on the divestment of our European Generics business (€1,598 million), the sale of some Consumer Healthcare products to Cooper-Vemedia (€158 million), and the divestment of equity interests in Impact Therapeutics (€99 million).

Net cash provided by/used in financing activities represented a net cash outflow of €4,193 million in 2019, compared with a net inflow of €3,934 million in 2018. The 2019 figure includes net debt repayments of €491 million (versus net external debt finance raised of €8,722 million in 2018); the dividend payout to our shareholders of €3,834 million (versus €3,773 million in 2018); and the effect of changes in our share capital (repurchases of our own shares, net of capital increases), representing a net inflow of €153 million in 2019 and a net outflow of €924 million in 2018.

(1) Non-GAAP financial measure; see "Definitions" section below.

The ***net change in cash and cash equivalents*** during 2019 was an increase of €2,502 million, versus a decrease of €3,390 million in 2018.

"**Free cash flow**"(1) for the year ended December 31, 2019 was €6,026 million. This represents an increase on the 2018 figure of €4,054 million, mainly as a result of a rise in our business net income; a reduction in cash outflows on pensions and other employee-related benefits; and a lower level of investment in property, plant and equipment.

2.8. Consolidated Balance Sheet and Debt

Total assets were €112,736 million as of December 31, 2019, compared with €111,408 million as of December 31, 2018, an increase of €1,328 million.

Net debt was €15,107 million as of December 31, 2019, compared with €17,628 million as of December 31, 2018, due mainly to the cash generated by our operating activities. "Net debt" is a non-GAAP financial measure which is reviewed by our management, and which we believe provides useful information to measure our overall liquidity and capital resources. We define "net debt" as (i) the sum total of short term debt, long term debt, and interest rate derivatives and currency derivatives used to manage debt, minus (ii) the sum total of cash and cash equivalents and interest rate derivatives and currency derivatives used to manage cash and cash equivalents. With effect from January 1, 2019, the first-time application of IFRS 16, means that lease liabilities are not included in net debt.

To assess our financing risk, we use the "gearing ratio", a non-GAAP financial measure. This ratio (which we define as the ratio of net debt to total equity) reduced from 29.9% as of December 31, 2018 to 25.6% as of December 31, 2019. Analyses of debt as of December 31, 2019 and December 31, 2018, by type, maturity, interest rate and currency, are provided in Note D.17.1. to our consolidated financial statements in our 2019 Annual Report on Form 20-F.

We expect that the future cash flows generated by our operating activities will be sufficient to repay our debt. The financing arrangements in place as of December 31, 2019 at the Sanofi parent company level are not subject to covenants regarding financial ratios and do not contain any clauses linking credit spreads or fees to Sanofi's credit rating.

We have applied IFRS 16 (Leases) with effect from January 1, 2019 (see Note A.2.1. to our consolidated financial statements in our 2019 Annual Report on Form 20-F). As a result, we have recognised in our balance sheet as of December 31, 2019 (i) a right-of-use asset of €1,300 million; (ii) a non-current lease liability of €987 million; and (iii) a current lease liability of €261 million.

Other key movements in the balance sheet are described below.

Total **equity** was €59,108 million as of December 31, 2019, versus €59,035 million as of December 31, 2018. The year-on-year change reflects the following principal factors:

- increases: our net income for 2019 (€2,837 million) and movements in currency translation differences (€751 million, mainly on the US dollar); and
- decreases: the dividend payout to our shareholders in respect of the 2018 financial year (€3,834 million), and repurchases of our own shares (€12 million).

As of December 31, 2019 we held 0.02 million of our own shares, recorded as a deduction from equity and representing 0.002% of our share capital.

Goodwill and ***Other intangible assets*** (€61,091 million in total) decreased by €5,033 million year-on-year, the main factors being:

- decreases: amortization and impairment charged during the period (€5,928 million, including the impairment loss taken against Eloctate® franchise assets); and
- increases: currency translation differences (€826 million).

Investments accounted for using the equity method (€3,591 million) increased by €189 million, mainly due to the recognition of our share of the profits of Regeneron.

Other non-current assets were €304 million lower at €2,667 million. The main movement during the year was the divestment of our equity interest in Alnylam and MyoKardia.

Net deferred tax assets amounted to €3,140 million as of December 31, 2019, versus €1,199 million as of December 31, 2018, an increase of €1,941 million. This was largely due to the reversal of deferred tax liabilities relating to amortization and impairment of intangible assets, and the recognition of deferred tax assets on (i) restructuring provisions and (ii) provisions for pensions and other post-employment benefits (after taking account of actuarial losses).

Non-current provisions and other non-current liabilities (€9,321 million) rose by €708 million, mainly due to an increase in provisions for pensions and other post-employment benefits.

Liabilities related to business combinations and to non-controlling interests (€800 million) were €504 million lower year-on-year. The main movements in this line item are fair value remeasurements of contingent consideration payable to Bayer as a result of an acquisition made by Genzyme prior to the latter's acquisition by Sanofi. The year-on-year decrease also reflects the signature of an agreement to settle the ongoing litigation related to the contingent value rights (CVRs) issued in connection with our acquisition of Genzyme (see Note D.22. to our consolidated financial statements in our 2019 Annual Report on Form 20-F.).

(1) Non-GAAP financial measure; see "Definitions" section below.

3. Outlook

3.1. Impact of Competition from Generics and Biosmilars
Some of our flagship products continued to suffer sales erosion in 2019 due to competition from generics and biosimilars. We do not believe it is possible to state with certainty what level of net sales would have been achieved in the absence of generic competition.

A comparison of our consolidated net sales for the years ended December 31, 2019 and 2018 (see " – A.2. Results of Operations – Year Ended December 31, 2019 Compared with Year Ended December 31, 2018" in our 2019 Annual Report on Form 20F) for products affected by generic and biosimilar competition shows a loss of €912 million of net sales on a reported basis. Other parameters may have contributed to the loss of sales, such as a fall in the average selling price of certain products (e.g. Lantus®).

We expect the erosion caused by generic competition to continue in 2020, with a negative impact on our net income. The products likely to be impacted include those that already faced generic competition in 2019, but whose sales can reasonably be expected to be subject to further sales erosion in 2020: Aprovel®, Lantus®, Lovenox®, Plavix® and Renagel®/Renvela® in Europe; Ambien®, Lantus®, Lovenox®, Renagel®/Renvela® and Taxotere® in the United States; and Allegra®, Amaryl®, Aprovel®, Lantus®, Myslee®, Plavix® and Taxotere® in Japan.

In 2019, the aggregate consolidated net sales of those products in countries where generic competition currently exists or is expected in 2020 amounted to €3,335 million; this comprised €1,357 million in the United States (including €1,149 million in net sales of Lantus® and €133 million in net sales of Renagel®/Renvela®); €1,596 million in Europe; and €382 million in Japan. The negative impact on our 2020 net sales is likely to represent a substantial portion of those sales, but the actual impact will depend on a number of factors such as the prices at which the products are sold and potential litigation outcomes.

3.2. 2020 Outlook
At constant exchange rates, Sanofi expects 2020 business earnings per share (business EPS)(1) to grow around 5% at CER, barring unforeseen major adverse events. Applying average January 2020 exchange rates, the positive currency impact on 2020 business EPS is estimated to be around 1%.

In 2019, business net income was €7 489 million, giving business EPS of €5,99 per share.

These perspectives were developed on a basis comparable to that of preparing historical financial information and in accordance with Sanofi's accounting principles.

Certain information, assumptions and estimates are wholly or partly derived from or reliant upon judgments and decisions reached by Sanofi management that may be subject to change or adjustment in the future.

In addition, Sanofi announced that it expects to expand its business operating income (BOI) margin(1) to 30% by 2022, with an ambition for its BOI margin to exceed 32% by 2025. The company also announced efficiency initiatives that are expected to generate €2 billion savings by 2022. These savings will fund investment in its key growth drivers and accelerate priority pipeline projects as well as support the expansion of the BOI margin. In addition, Sanofi aims to increase its free "Cash-Flow"(1) by about 50% by 2022, compared to an adjusted base of 4.1 billion euros in 2018. These forecasts replace previously announced forecasts.

4. Definitions

4.1. Net Sales at Constant Exchange Rates and Constant Structure Basis
When we refer to changes in our net sales at constant exchange rates (CER), that means that we have excluded the effect of exchange rates by recalculating net sales for the relevant period using the exchange rates that were used for the previous period.

When we refer to changes in our net sales on a constant structure basis, that means that we eliminate the effect of changes in structure by restating the net sales for the previous period as follows:

- by including sales generated by entities or product rights acquired in the current period for a portion of the previous period equal to the portion of the current period during which we owned them, based on sales information we receive from the party from whom we make the acquisition;
- similarly, by excluding sales for a portion of the previous period when we have sold an entity or rights to a product in the current period; and
- for a change in consolidation method, by recalculating the previous period on the basis of the method used for the current period.

4.2. Segment Information and Results
In accordance with IFRS 8 (Operating Segments), the segment information reported by Sanofi is prepared on the basis of internal management data provided to the Chief Executive Officer, who is the chief operating decision maker. The performance of those segments is monitored individually using internal reports and common indicators. The operating segment disclosures required under IFRS 8 are provided in Notes B.26. and D.35 ("Segment Information") to our consolidated financial statements in our 2019 Annual Report on Form 20-F, included at Item 18 of this annual report.

(1) Non-GAAP financial measure; see "Definitions" section below

Sanofi has three operating segments: Pharmaceuticals, Consumer Healthcare and Vaccines.

The Pharmaceuticals segment comprises the commercial operations of the following global franchises: Specialty Care (Rare Diseases, Multiple Sclerosis, Oncology, Immunology and Rare Blood Disorders), and Primary Care (Diabetes, Cardiovascular, and Established Prescription Products), together with research, development and production activities dedicated to our Pharmaceuticals segment. This segment also includes associates whose activities are related to pharmaceuticals, in particular our share of Regeneron.

The Consumer Healthcare segment comprises, for all geographical territories, the commercial operations for our Consumer Healthcare products, together with research, development and production activities dedicated to those products.

The Vaccines segment comprises, for all geographical territories (including from January 1, 2017 certain territories previously included in the Sanofi Pasteur MSD joint venture) the commercial operations of Sanofi Pasteur, together with research, development and production activities dedicated to vaccines.

Inter-segment transactions are not material.

The costs of our global support functions (Medical Affairs, External Affairs, Finance, Human Resources, Legal Affairs, Information Solutions & Technologies, Sanofi Business Services, etc.) are managed centrally at group-wide level. The costs of those functions are presented within the "Other" category. That category also includes other reconciling items such as retained commitments in respect of divested activities.

4.3. Business Operating Income

We report segment results on the basis of "business operating income". This indicator is used internally by Sanofi's chief operating decision maker to measure the performance of each operating segment and to allocate resources. For a definition of "business operating income", and a reconciliation between that indicator and Income before tax and investments accounted for using the equity method, refer to Note D.35. to our consolidated financial statements in our 2019 Annual Report on Form 20-F.

We have applied IFRS 16 (Leases) with effect from January 1, 2019 (see Note A.2.1. to our consolidated financial statements in our 2019 Annual Report on Form 20-F). In 2019, business net income excludes the impact of first-time application of IFRS 16. Consequently, in determining business operating income we have (i) eliminated depreciation charged against right-of-use assets and (ii) added back lease expense, in order to achieve consistency with the prior-year presentation (given that we elected the modified retrospective approach on transition).

Our "business operating income margin" for 2019 was 27.0%, compared with 25.8% in 2018. Business operating income margin is a non-GAAP financial measure, which we define as the ratio of "business operating income" to Net sales.

Because our business operating income and business operating income margin are not standardized measures, they may not be directly comparable with the non-GAAP financial measures of other companies using the same or similar non-GAAP financial measures. Despite the use of non-GAAP measures by management in setting goals and measuring performance, these are non-GAAP measures that have no standardized meaning prescribed by GAAP.

4.4. Business Net Income

We believe that understanding of our operational performance by our management and our investors is enhanced by reporting "business net income". This non-GAAP financial measure represents business operating income, less net financial expenses and the relevant income tax effects.

We also report "business earnings per share" (business EPS), a non-GAAP financial measure which we define as business net income divided by the weighted average number of shares outstanding. Business EPS was €5.99 for 2019, 9.5% higher than the 2018 figure of €5.47, based on an average number of shares outstanding of 1,249.9 million for 2019 and 1,247.1 million for 2018. We define business net income as ***Net income attributable to equity holders of Sanofi*** determined under IFRS, excluding the following items:

- amortization and impairment losses charged against intangible assets (other than software and other rights of an industrial or operational nature);
- fair value remeasurements of contingent consideration relating to business combinations or divestments;
- other impacts associated with acquisitions (including impacts relating to investments accounted for using the equity method);
- restructuring costs and similar items (presented within the line item ***Restructuring costs and similar items***);
- other gains and losses, including gains and losses on major disposals of non-current assets (presented within the line item ***Other gains and losses, and litigation***);
- the effects of IFRS 16 on lease accounting;
- other costs and provisions related to litigation (presented within the line item ***Other gains and losses, and litigation***);
- the tax effects of the items listed above, and the effects of major tax disputes; and
- the portion attributable to non-controlling interests of the items listed above.

The most significant reconciling items between our business net income and ***Net income attributable to equity holders of Sanofi*** relate to (i) the purchase accounting effects of our acquisitions and business combinations, particularly the amortization and impairment of intangible assets (other than software and other rights of an industrial or operational nature) and (ii) the impacts resulting from restructuring or major non-recurring transactions. We believe that excluding those impacts enhances an investor's understanding of our underlying economic performance, because we do consider that the exclusion of these items allows to better reflect the entity's ongoing operating performance.

The principal purchase accounting effects of acquisitions and business combinations on net income are:

- amortization and net impairment losses charged against intangible assets (other than software and other rights of an industrial or operational nature), net of taxes and non-controlling interests; and
- the incremental cost of sales incurred on the workdown of acquired inventories remeasured at fair value, net of taxes.

We believe (subject to the limitations described below) that disclosing our business net income enhances the comparability of our operating performance, for the following reasons:

- the elimination of charges related to the purchase accounting effects of our acquisitions and business combinations (particularly amortization and impairment of finite-lived intangible assets, other than software and other rights of an industrial or operational nature) enhances the comparability of our ongoing operating performance relative to our peers in the pharmaceutical industry that carry those intangible assets (principally patents and trademarks) at low book values either because they are the result of in-house research and development that has already been expensed in prior periods or because they were acquired through business combinations that were accounted for as poolings-of-interest;
- the elimination of other effects related to business combination – such as the incremental cost of sales arising from the workdown of acquired inventories remeasured at fair value in business combinations, also improves the understanding of the ongoing operating performance;
- the elimination of restructuring costs and similar items enhances comparability because those costs are incurred in connection with reorganization and transformation processes intended to optimize our operations; and
- the elimination of impacts resulting from major non-recurring transactions – gains and losses on disposals, and costs and provisions associated with major litigation and any other major non-recurring items – improves comparability from one period to the next.

We remind investors, however, that business net income should not be considered in isolation from, or as a substitute for, ***Net income attributable to equity holders of Sanofi*** reported in accordance with IFRS. In addition, we strongly encourage investors and potential investors not to rely on any single financial measure but to review our financial statements, including the notes thereto, carefully and in their entirety.

We compensate for the material limitations described above by using business net income only to supplement our IFRS financial reporting and by ensuring that our disclosures provide sufficient information for a full understanding of all adjustments included in business net income.

The table below reconciles our business net income to ***Net income attributable to equity holders of Sanofi:***

(€ million)	2019	2018
Net income attributable to equity holders of Sanofi	**2,806**	**4,306**
Amortization of intangible assets[a]	2,146	2,170
Impairment of intangible assets[b]	3,604	718
Fair value remeasurement of contingent consideration	(238)	(117)
Expenses arising from the impact of acquisitions on inventories	3	114
Other expenses related to acquisitions	–	28
Restructuring costs and similar items	1,062	1,480
Other gains and losses, and litigation[c]	(327)	(502)
Impact of IFRS 16 on lease accounting[d]	37	–
Tax effects of the items listed above:	(1,866)	(1,125)
amortization and impairment of intangible assets	(1,409)	(692)
fair value remeasurement of contingent consideration	(6)	38
expenses arising from the impact of acquisitions on inventories	–	(27)
other expenses related to acquisitions	–	(6)
restructuring costs and similar items	(311)	(435)
other tax effects	(140)	(3)
Other tax items[e]	–	(188)
Share of items listed above attributable to non-controlling interests	(4)	(2)
Investments accounted for using the equity method: restructuring costs and expenses arising from the impact of acquisitions	165	(76)
Items relating to the Animal Health business[f]	101	13
Business net income	**7,489**	**6,819**
Average number of shares outstanding (million)	1,249.9	1,247.1
Basic earnings per share (in euros)	2.24	3.45
Reconciling items per share (in euros)	3.75	2.02
Business earnings per share (in euros)[g]	5.99	5.47

(a) Includes amortization expense generated by the remeasurement of intangible assets in connection with business combinations: €2,044 million in 2019 and €1,957 million in 2018.
(b) Includes a €2,803 million impairment loss charged against Eloctate® franchise assets, a €352 million impairment loss taken against Zantac®, and €280 million of impairment losses taken against assets associated with internal or collaborative development projects.
(c) For 2019, this line consists mainly of a gain arising on settlement of litigation. For 2018, it mainly comprises the gain on the divestment of our European Generics business, net of separation costs and before any tax effects.
(d) Impacts of the new accounting standard on leases (IFRS 16), applied from January 1, 2019 using the simplified retrospective method without restatement of comparative periods. For comparative purposes, business net income continues to be reported in accordance with the lease accounting policies applicable under the previous standard (IAS 17).
(e) For 2018, this line comprises adjustments to our preliminary analysis of the direct and indirect impacts of US tax reform.
(f) This line shows the effects of the divestment of our Animal Health business.
(g) The implementation of the new accounting standard on leases (IFRS 16) on business earnings per share would have been – 2 cents in 2019. This impact mainly comes from the amortization of the lease asset recognized on a straight-line basis while the interest expense decreases over the life of the lease.

4.5. Free cash flow

Free Cash Flow is a non-GAAP financial indicator which is reviewed by our management, and which we believe provides useful information to measure the net cash generated from the Company's operations that is available for strategic investments(1) (net of divestments(1)), for debt repayment, and for payments to shareholders. Free Cash Flow is determined from Business Net Income(2) adjusted for depreciation, amortization and impairment, share of undistributed earnings from investments accounted for using the equity method, gains & losses on disposals, net change in provisions including pensions and other post-employment benefits, deferred taxes, share-based payment expense and other non-cash items. It also includes net changes in working capital, capital expenditures and other asset acquisitions(3) net of disposal proceeds(3), and payments related to restructuring and similar items. Free Cash Flow is not defined by IFRS, and is not a substitute for ***Net cash provided by operating activities*** as reported under IFRS. Management recognizes that the term "Free Cash Flow" may be interpreted differently by other companies and under different circumstances. The table below sets forth a reconciliation between ***Net cash provided by operating activities*** and Free Cash Flow:

(1) Amount of the transaction above a cap of €500 million per transaction.
(2) Non-GAAP financial measure, as defined in "Definitions" section.
(3) Not exceeding a cap of €500 million per transaction.

(€ million)	2019	2018
Net cash provided by operating activities	**7,744**	**5,547**
Acquisitions of property, plant and equipment and software	(1,405)	(1,674)
Acquisitions of intangible assets, equity interests and other non-current financial assets[a]	(576)	(635)
Proceeds from disposals of property, plant and equipment, intangible assets and other non-current assets, net of tax[a]	490	522
Repayments of lease liabilities[b]	(267)	–
Other items	40	294
Free cash flow	**6,026**	**4,054**

(a) Free cash flow includes investments and divestments not exceeding a cap of €500 million per transaction.
(b) Following first-time application of IFRS 16, cash outflows representing repayments of lease liabilities are included in the free cash flow calculation.

Consolidated Income Statements

(€ million)	2019	as % of net sales	2018	as % of net sales
Net sales	**36,126**	**100.0%**	**34,463**	**100.0%**
Other revenues	1,505	4.2%	1,214	3.5%
Cost of sales	(11,976)	(33.2)%	(11,435)	(33.2)%
Gross profit	**25,655**	**71.0%**	**24,242**	**70.3%**
Research and development expenses	(6,018)	(16.7)%	(5,894)	(17.1)%
Selling and general expenses	(9,883)	(27.4)%	(9,859)	(28.6)%
Other operating income	825		484	
Other operating expenses	(1,207)		(548)	
Amortization of intangible assets	(2,146)		(2,170)	
Impairment of intangible assets	(3,604)		(718)	
Fair value remeasurement of contingent consideration	238		117	
Restructuring costs and similar items	(1,062)		(1,480)	
Other gains and losses, and litigation	327		502	
Operating income	**3,125**	**8.7%**	**4,676**	**13.6%**
Financial expenses	(444)		(435)	
Financial income	141		164	
Income before tax and investments accounted for using the equity method	**2,822**	**7.8%**	**4,405**	**12.8%**
Income tax expense	(139)		(481)	
Share of profit/(loss) from investments accounted for using the equity method	255		499	
Net income excluding the exchanged/held-for-exchange Animal Health business	**2,938**	**8.1%**	**4,423**	**12.8%**
Net income/(loss) of the exchanged/held-for-exchange Animal Health business[(a)]	(101)		(13)	
Net income	**2,837**	**7.9%**	**4,410**	**12.8%**
Net income attributable to non-controlling interests	31		104	
Net income attributable to equity holders of Sanofi	**2,806**	**7.8%**	**4,306**	**12.5%**
Average number of shares outstanding (million)	1,249.9		1,247.1	
Average number of shares after dilution (million)	1,257.1		1,255.2	
– Basic earnings per share (in euros)	2.24		3.45	
– Basic earnings per share (in euros) excluding the exchanged/held-for-exchange Animal Health business	2.33		3.46	
– Diluted earnings per share (in euros)	2.23		3.43	
– Diluted earnings per share (in euros) excluding the exchanged/held-for-exchange Animal Health business	2.31		3.44	

(a) The impacts of the divestment of the Animal Health business are presented separately in accordance with IFRS 5 (Non-Current Assets Held for Sale and Discontinued Operations); see Note D.2 to our consolidated financial statements in our 2019 Annual Report on Form 20-F.

Non-consolidated Financial Data of Sanofi (Parent Company) for the last five years

(€ million)	2019	2018	2017	2016	2015
Capital at period-end					
Share capital	2,508	2,495	2,508	2,584	2,611
Number of shares in issue	1,253,846,111	1,247,395,472	1,254,019,904	1,292,022,324	1,305,696,759
Income statement data					
Net sales	450	472	517	406	403
Net income before tax and non-cash charges (depreciation, amortization and provisions)	(2,282)	4,900	3,701	4,398	9,202
Income tax	(8)	(47)	387	(171)	(174)
Employee profit-sharing	–	–	–	–	–
Net income after tax and non-cash charges (depreciation, amortization and provisions)	(4,511)	12,843	4,288	4,542	9,323
Dividends paid		3,834	3,773	3,824	3,759
Per share data (in euros)					
Net income after tax but before non-cash charges (depreciation, amortization and provisions)	(1.83)	3.89	3.26	3.27	6.91
Net income after tax and non-cash charges (depreciation, amortization and provisions)	(3.60)	10.30	3.42	3.52	7.14
Dividend per share (net)	3.15[a]	3.07	3.03	2.96	2.93
Employee data					
Number of employees at period-end	11	12	13	17	19
Payroll cost for the year	15	21	25	31	27
Employee benefits for the year (social security and other welfare benefits)	11	10	12	9	17

(a) Dividend submitted for approval at the AGM of April 28, 2020.

(THIS PAGE INTENTIONALLY LEFT BLANK)

Request for Additional Documents and Information

ORDINARY GENERAL MEETING OF APRIL 28, 2020

These documents are available on our corporate website:
(www.sanofi.com/AGM2020)

I, the undersigned
Surname or corporate name _____

First name _____

Address _____

Town/City _____

Zip code _____

Country _____

Owner of _____ registered shares of Sanofi,

Owner of _____ bearer shares of Sanofi (attach a copy of the shareholding certificate issued by your accredited intermediary),

hereby request to be sent the documents and information relating to the Ordinary General Meeting of April 28, 2020, as specified in Article R. 225-83 of the French Commercial Code.

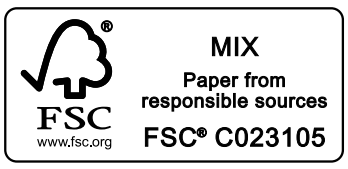
Place of signature _____ Date of signature _____ 2020.

Signature

Please send this form to BNP Paribas Securities Services
CTO Assemblées – Les Grands Moulins de Pantin – 9 rue du Débarcadère
93761 Pantin Cedex – France
or to your accredited intermediary.

NOTICE: In accordance with Article R. 225-88 of the French Commercial Code, owners of shares may request the Company to send them the documents and information specified in Articles R. 225-81 and R. 225-83 of the French Commercial Code in advance of all subsequent general meetings. If you would like to choose this option, please indicate on this request form that you wish to do so.

NOTES



Designed and produced by emperor
Visit us at emperor.works

SANOFI

54, rue La Boétie 75008 Paris – France – Tel.: +33 (0)1 53 77 40 00 – www.sanofi.com